



**MARKETING STRATEGIES FOR PROMOTING  
SELECTED INDIAN HERBAL TOILETRIES  
VIS-A-VIS FOREIGN BRANDS**

**ABSTRACT**

**THESIS**

SUBMITTED FOR THE AWARD OF THE DEGREE OF

**Doctor of Philosophy**

IN

**Agricultural Economics &  
Business Management**

BY

**MUZAFFAR JAMAL**

UNDER THE SUPERVISION OF

**Prof. Shamim Ahmad**

DEPARTMENT OF AGRICULTURAL ECONOMICS &

BUSINESS MANAGEMENT

ALIGARH MUSLIM UNIVERSITY

ALIGARH (INDIA)

**2003**

The cosmetics and toiletries industry has grown tremendously in the past decade. There are more and more companies, both international and domestic, joining the foray.

Giving fight to these goliaths (MNCs) are some home-grown companies. This is especially true in case of Cosmetics and Toiletries Industry, where getting 'herbal' is the name of the game today. It feeds mainly on the traditional science of 'Ayurveda'. The Indian consumer is fast realising the benefits of this ancient science and Indian companies are cashing on the sentiments to leverage the opportunity and escape foreign competition.

Thus market today is flooded with innumerable product variants, which boast of their herbal formulations. These not only compete with the 'chemical' products, but are giving them run for their money.

It calls for a need to observe the volatile market scenario and changing consumer perceptions about these. This study attempts to make suggestions, so as to comprehend the great Indian Market in the present context.

The study specifically aims to investigate the following phenomena:

1. The present and potential market of each of the selected products in the industry.
2. The usage pattern and buying behaviour of the consumers.
3. The usage purpose and product attributes preferred by the consumers.
4. Brand consciousness and brand loyalty in each product category.
5. To gauge the herbal preference in each of the selected category.
6. The effectiveness of existing promotional efforts.
7. Information source of the consumers for these products and assess the level of credibility given to these.
8. To assess the price perception and the price sensitivity of the consumers.
9. To estimate the problem of irregular supply and non-availability of the brands.
10. Frequency of schemes and the margin given to dealers for selected brands in each product category.

Being a social research, it tries to identify the complex human behavior and the set patterns in it. The approach of the study is exploratory in the sense that it is mostly directed towards identifying the various characteristics of the market and to create observations conducive to further study. In spite of keeping the study wide enough and exploratory in nature, an attempt has been made to relate each aspect of the study with a managerial decision based on it.

Lack of information on various consumer groups, their tastes and preferences, their changing perceptions has been the major reason for preferring an empirical study. An extensive survey in the six North Indian cities has been conducted taking sufficient respondents from cross sections of the consumers and the dealers. It was expected that the results may necessitate the changes in the presently held opinions and help in building a new theory altogether.

A sample size of 550 was taken for the study. A stratified two stage sampling design has been used. Six cities were selected (two each from Class A, B & C) which give ample representation of the whole North India. For the purpose of

drawing conclusions from the crude data, analysis (direct & cross) was done and for testing of hypotheses, the Chi Square test has been used.

Market shares of top three brands in each product category are as follows:

	Soaps					
S.No.	Herbal		%	Non Herbal		%
1	Pears	70	28.2	Lux	203	64.2
2	Dove	34	13.7	Savlon/Dettol	40	12.7
3	Cinthol	32	12.9	Lifebuoy	36	11.4

	Creams					
S.No.	Herbal		%	Non Herbal		%
1	Ayur	31	66.0	Ponds	137	36.0
2	Fair Glow	6	12.8	Fair&Lovely	83	21.8
3	Ayurvedic C.	4	8.5	Lakme	76	19.9

	Hair Oils					
S.No.	Herbal		%	Non Herbal		%
1	Dabur Amla	77	44.8	Hair&Care	71	43.3
2	Vatika	50	29.1	Clinic Plus	42	25.6
3	Bajaj Almond	27	15.7	Keo Karpin	41	25.0

	Shampoos					
S.No.	Herbal			Non Herbal		
1	Ayur	52	55.3	Clinic	95	28.4
2	Vatika	22	23.4	Sunsilk	91	27.2
3	Nyle	17	18.1	Pantene	45	13.4

	Tooth Pastes					
S.No.	Herbal		%	Non Herbal		%
1	Babool	29	42.6	Colgate	162	40.4
2	Miswak	14	20.6	Pepsodent	134	33.4
3	Colgate Herb	13	19.1	Close Up	91	22.7

**Soaps:** There is lesser product penetration in C-class city of Sambhal and lower income group. This holds a message for the marketers. It is towards these semi-urban cities that they can target their efforts to increase sales. Urban markets are getting almost saturated in soaps category, the C class cities and the likes i.e. semi-urban and rural areas hold potential for further growth.

**Creams:** It is the middle income group of 4000-8000 and 8001-12000 that reports greatest regular usage of creams (64.7% and 53.6% respectively) than the upper (40.6%) and lower (44.4%) income groups. This clearly shows greater focus of middle class on skin care. This middle class is getting more fashion conscious and has greater spending power after the advent of liberalization. Especially the fairness cream market is the fastest growing in India.

**Hair Oils:** Most of the users in all the cities are regular and casual users. This clearly reflects the mixed usage pattern, irrespective of the kind of city. Same is the case with people of different income groups. Marketers can target problem

specific hair-oils and increase sales by advertising it to relevant user groups in each kind of demographic area.

**Shampoos:** This category shows more or less a similar level of product penetration with most of the cities having regular usage of above 50%. The only exception is the C-class city of Sambhal. This shows that while some of the semi-rural areas have caught up with the urbanized counterparts, but some still lag behind. These cities can be used by the companies to increase their sales by converting rare and casual users into regular users. Shampoos have made deep inroads into every city; it is only the usage that is to be increased in the consumers. Thus marketers can induce campaigns to this effect, so as to increase sales.

**Tooth Pastes:** B and C class cities shows 100 percent regular usage of tooth-pastes. It is in the C-class cities of Amroha and Sambhal that we find 8.2% and 4.8% casual users respectively. Overall percentage of regular users in the cities denotes that the only way to increase the sale is by inducing more product usage. Companies can promote use of toothpaste twice (morning and night) or even thrice (morning and after each meal) a day.

Top three usage purpose of each product category are given below:

Soaps	Creams	Hair-oils	Shampoos	Tooth-pastes
Cleanliness	Sun Protection	Nourishment	Cleanliness	Cleanliness
Freshness	Moisturiser	Anti Dandruff	Anti Dandruff	Gum Protection
Anti Bacterial	Glowing Skin	Shiny Looks	Good Looks	Cavity Prevention

For **soaps** we can safely infer that the three usage of cleanliness, freshness and anti-bacterial are the most sought after by all consumers, with variations in priority order across different income groups. Thus marketers should concentrate around these to add these benefits to the product and then effectively promote around it.

Marketers must direct the **creams** to different class of people highlighting these different qualities and pricing the product accordingly. A different promotion and advertising needs to be done to tap different groups effectively.

For **hair oils** marketers need to assess the market for each hair-oil type and accordingly introduce products suiting the particular need of the consumer. This study is helpful for them to determine its product type and position it in the market. They need to differentiate their product accordingly and based on the preferences of each income group needs to tailor make their products.

Manufacturers need to formulate problem specific **shampoos** to cater to various segments usage wise. They can target lower income groups for increased usage of shampoos and induce its regular usage to increase sales.

Marketers can include the given three properties in the **tooth-pastes** and accordingly advertise them to target these groups differently. Also the survey shows that the use of tooth-pastes is less in low income groups in comparison to higher ones. Thus these low-end people can be targeted to adopt and increase product usage to increase sales.

Respondents show a bend towards the herbal remedies and confirm their faith in these. Marketers can convert this into an opportunity by continuously making innovations by combining the 'Tradition' with 'Science'. This shows the increasing consciousness among men of their skin and hair care. Herbal is the thing in place among all cities, all income and age groups and both the sexes. Thus marketers need to convert this opportunity into big profits, by giving consumers the herbal benefits with ease of science.

The herbal trend is picking up in all the cities. An interesting thing to be noted here is that this trend is at the early stage of its development. This leaves marketers with a lot of space to further spruce up the things and make them work to their advantage by offering new scientific based herbal formulations. Trends are similar among all age and income groups.

According to the dealers this trend is more in the C class cities, followed by A class cities and then B class cities. The only exception being Tooth-Pastes, where A class cities surpasses the herbal trend in C class cities only marginally.

As reported by the dealers, the herbal trend is found to be almost similar in all the product categories. However there are minor leads taken by Tooth-Pastes, followed by Creams, Shampoos, Hair-Oils and then Soaps.

This confirms our faith in the herbal trends gaining pace in all product categories across all cities under study. Thus manufacturers need to take note of the situation and roll out the products with greater emphasis on the herbal remedies. The fast changing perception of the North Indian (where this survey is conducted) consumers and throughout India in general, towards these herbal products calls for greater research in these herbal formulations and producing quality products to compete with the mighty MNC brands.

Preferred product attributes are as follows:

Soaps	Creams	Hair-oils	Shampoos	Tooth-pastes
Effect on skin	Effect on skin	Nourishment	Nourishment	Feeling/Taste
Contents	Nourishment	Contents	Contents	Contents
Nourishment	Contents	Pack/Container	Fragrance	Nourishment

A new trend is to cash on the 'feeling' that **soaps** give while in use. Thus manufacturers need to come up with some genuine formulations, for the consumers will buy only those products, which give them good skin-care apart from hygiene. They need to shape the product (packaging, color, fragrance etc) accordingly and target market it, highlighting its intended benefits. Marketers can accordingly communicate the benefits of their product and reap the psychological dividends.

For **creams** effect on skin, nourishment, contents, packaging and fragrance emerge as the most important product attributes in this category in all the cities. Effect on skin takes a secondary (number four) slot in the C-class cities. This

gives important message and marketers need to formulate a different strategy to place their product in the C-class cities.

In case of **hair oils**-city wise nourishment, contents, pack/container, effect on skin and fragrance come out as important factors in A and B class cities, while people of C-class cities also give importance to the colour of hair oils apart from these factors. Thus important consideration needs to be given to colour while formulating hair-oils for the type C cities.

For **shampoos** marketers need to take different approach to different class of cities.

Contents, nourishment and taste are considered as the most important factors for **tooth pastes** by A and C class cities people while B-class respondents take taste, contents and nourishment as the crucial factors while deciding the brand.

**Soaps:** Brand plays a crucial role in repeat purchases in this category and it is a must for companies to promote its brand name strongly, to capture suitable chunk of the market.

**Creams:** Similar trends appear in the cream category also. Higher scores show greatest brand adherence for creams than any other product category. This shows that people are most conscious about their skin care.

Thus marketers need to promote their brands in a big way. They may even charge a premium for it.

**Hair Oils:** People of C-class cities are least brand loyal. In B-class cities brand consciousness is highest. They are choosy about their brands, but also switch to other brands, given its attractiveness. Here again brand equity plays important role and marketers need to live up to their image to sustain customers.

**Shampoos:** After creams, it is shampoo that gives most brand loyalty. In this category again, brand equity holds utmost importance, as people don't want to take risk with their hair. Thus marketers need to sell their product on basis of their image.

**Tooth Pastes:** In this category, brand loyalty is the least. C class cities show fewer adherences in comparison to B and C class cities.

Thus on the whole, in all the categories there is a large scope of converting the 'usually stick to brand, and 'don't care' categories into brand loyalist by emphasizing on image building of the brands. The onus solely lies on the marketers, to orchestrate effective campaigns and deliver quality products to make consumers loyal to them.

Thus marketers need to come up with different strategies for different class of cities to switch consumers' preferences in their favor and retain their loyalties.

Brand consciousness among the people is very high and on the increase. Thus marketers need to advertise their products in a big way. So as to make a good brand image in the consumers' mind. Consumers perceive products offered by companies with good brand equity to be good quality and they are not ready to take any chances with these daily use products used for personal up-keep of the body.

On the whole, maximum purchases (48.4%) are made through medium sized shops. Kind of shop does not make any difference as such city wise. All these five products, namely soaps, creams, hair-oils, shampoos and tooth-pastes are

general, daily use necessity items and kind of shop does not really matter in making their purchase. Medium sized shops are preferred in all product categories, followed by those who make their purchases on their convenience.

Shampoos and creams are perceived to hold high prices and manufacturers need to reduce them to bring it in consonance with the consumers' perceived level. On the other hand, consumers are most comfortable with the prices of soaps, followed by tooth-pastes and hair-oils. More than half the respondents (53.2%) would increase the product usage by the price reduction in the commodities. This holds an important message for the marketers and they can reformulate their pricing strategies accordingly, to cash on this price sensitiveness of the consumers.

With the exception of hair oils, availability of herbal and non herbal brands is at par in each category. For hair oils, availability of herbal brands is slightly higher than the non-herbal brands.

**Soaps:** Non-herbal brands of Nirma and Lux fare better in terms of regular supply than the herbal ones.

**Creams:** Every chosen brand (both herbal and non herbal) shows good supply.

**Hair Oils:** Hair-oils also show regular supply. However herbal brands of Hair & Care and Dabur-Amla fare better than the non-herbal brands of Clinic-Plus and Keo-Karpin.

**Shampoos:** Non-herbal brands of Head & Shoulders and Sunsilk are ahead of herbal brands.

**Tooth Pastes:** Non-herbal Pepsodent registers the most regular supply.

Attractiveness of Credit Policy offered by companies to the dealers shows:

**Soaps:** Non-herbal brands offer better credit policy to dealers than the herbal brands chosen in our study.

**Creams:** Dealers are most satisfied by the credit offerings of the herbal brand Ayur.

**Hair Oils:** Herbal and non-herbal brands are at par.

**Shampoos:** Non-herbal brands of Sunsilk and Head & Shoulder fare much better than the herbal brands.

**Tooth Pastes:** Herbal brands offer a slight better credit policy than the non-herbal brands.

Margin offered by the companies to the dealers are-

**Soaps:** Non-herbal brands of Nirma and Lux offer better margin to dealers than the herbal brands.

**Creams:** Herbal brand of Ayur offers the most attractive margin to dealers among the chosen brands.

**Hair Oils:** Herbal brands of Hair & Care and Dabur-Amla fare better than the non-herbal brands.

**Shampoos:** Herbal brands of Ayur and Vatika fare better than the non-herbal brands.

**Tooth Pastes:** Pepsodent offers the most attractive margin to dealers followed by Colgate-Herbal, Babool and Forhans.

Consumers' preferences for various promo-tools are as follows-

Top 3 Preferences
1. Discount
2. Free Gift
3. Get One Free

City wise in every city top preference goes to price discounts and second and third positions are again held by free gifts and buy-one-get-one-free.

Advertisement and publicity and consultation with friends/relatives and family members are crucial factors in deciding the brand to go for.

Most important information sources that effects the purchase decision of consumers is the 'advertisement' and 'publicity campaigns' orchestrated by the companies to promote their products. City wise the patterns are similar with every city except Delhi, marking advertisement and publicity as the most crucial factor in purchase decision.

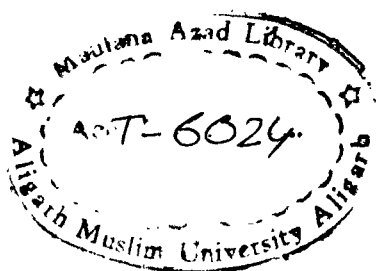
People in C-class cities are more savvy towards media (basically TV) and it makes greater impact in their mind, as they can recollect more number of advertisements seen than others. This gives an opportunity to marketers to effectively increase their consumer base in these by increasing advertising their products. This is good news for them as the more urban markets are already getting saturated for all the produced categories.

Top 3 Preferences
1. Advertising
2. Discount
3. Free Gift

Above are the top three **promo-factors** as rated by the dealers. This holds an important message for the marketers. They need to formulate a right promotion mix for their product, combining advertisement discount to dealers and customers and other schemes, as per the need to increase their sales and increase market share.

In every product category chosen, non-herbal brands have fared better in terms to giving schemes and incentives to the dealers with the exception of tooth-pastes.

This gives a clear case for the marketers of herbal products in every category to take action in this direction and formulate a better strategy to deal with the dealers.







**MARKETING STRATEGIES FOR PROMOTING  
SELECTED INDIAN HERBAL TOILETRIES  
VIS-A-VIS FOREIGN BRANDS**

**T H E S I S**

SUBMITTED FOR THE AWARD OF THE DEGREE OF

**Doctor of Philosophy**

IN

**Agricultural Economics &  
Business Management**

BY

**MUZAFFAR JAMAL**

UNDER THE SUPERVISION OF

**Prof. Shamim Ahmad**

DEPARTMENT OF AGRICULTURAL ECONOMICS &  
BUSINESS MANAGEMENT  
ALIGARH MUSLIM UNIVERSITY  
ALIGARH (INDIA)

**2003**



**T6024**

**DEDICATED  
TO  
MY PARENTS**



**DEPARTMENT OF AGRICULTURAL ECONOMICS &  
BUSINESS MANAGEMENT**

SHAFI HOUSE, 2-QILA ROAD,  
ALIGARH MUSLIM UNIVERSITY,  
ALIGARH-202002 (INDIA)

**THESIS**

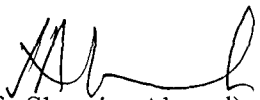
---

CHAIRMAN

**CERTIFICATE**

This is to certify that the thesis entitled “**Marketing Strategies for Promoting Selected Indian Herbal Toiletries Vis-à-Vis Foreign Brands**” has been completed by Muzaffar Jamal under my supervision. I have allowed him to submit it in partial fulfillment of the requirements for the degree of Doctor of Philosophy.

I further certify that the work is original and done by the candidate himself.

  
(Prof. Shamim Ahmad)

## Acknowledgements

In the Name of Allah, The Most Benevolent, The Most Merciful

No acknowledgements can capture the deep sense of appreciation I feel for the people who have contributed to this study. Nevertheless I thank Professor Shamim Ahmad for his constant guidance throughout the study.

My parents have been extremely patient with me and it is by their wishes that this study has seen the light of the day.

I thank my friends who have kept me in good cheer and pitched in with help whenever I needed support. I am especially grateful to Mezbah who time and again prevented me from sinking into despair by his virtue of patience.

I thank the many 'contacts' who helped me in getting the survey done by getting the questionnaires filled from the vast geographical region.

There is a long trail of people whose help I sought directly or indirectly throughout the study. I thank them all for their kind support.

Dated: 28<sup>th</sup> Oct 03  
Aligarh



Muzaffar Jamal

## Contents

	Preface .....	1
	Introduction .....	4
Chapter 1	FMCG Scenario .....	9
Chapter 2	C & T Scenario .....	41
Chapter 3	Industry Profile .....	55
Chapter 4	Herbal Marketing Trends .....	90
Chapter 5	Problem Formulation .....	103
Chapter 6	Research Methodology .....	114
Chapter 7	Demand Analysis .....	130
Chapter 8	Product & Packaging .....	180
Chapter 9	Pricing & Distribution .....	199
Chapter 10	Promotion .....	219
Chapter 11	Managerial/Strategic Inputs .....	234
Chapter 12	Summary of Conclusions .....	250
	Bibliography .....	261

### *Annexure*

*Customer Profile*

*Dealer Profile*

*Customer Questionnaire*

*Dealer Questionnaire*

### **List of Tables**

Market Analysis .....	163
Market Analysis- Citywise .....	164-166
Market Analysis- Incomewise .....	167-168
Usage Pattern .....	169-170
Usage Purpose .....	171-173
Home Remedies Vs Branded Products .....	174
Herbal Vs Non Herbal- Selection .....	175
Herbal Vs Non Herbal- Perception .....	176-178
Herbal Trends- Dealers .....	179
Product Attribute- Preference .....	194-195
Brand Adherence .....	196-197
Brand Equity- Importance .....	198
Kind of Shop .....	211-213
Price Perception/ Sensitivity .....	214
Product Availability .....	215
Dealers' Recommendation .....	216
Regular Product Supply/ Credit Policy .....	217
Margin to Dealers .....	218
Promotion Tools .....	229
Information Source .....	230
Media .....	231
Promotion Factors- Dealers .....	232
Schemes/Incentives to Dealers .....	233

## **Preface**

With the advent of liberalization in India, Fast Moving Consumer Goods market is going through a flurry of activities. Big MNCs, having saturated home markets are eyeing the Indian markets as an opportunity to increase their customer base. As a result, the Indian market is getting 'mature' and the consumers' power is ever increasing.

Giving fight to these goliaths (MNCs) are some home-grown companies. This is especially true in case of Cosmetics and Toiletries Industry, where getting 'herbal' is the name of the game today. It feeds mainly on the traditional science of 'Ayurveda'. The Indian consumer is fast realising the benefits of this ancient science and Indian companies are cashing on the sentiments to leverage the opportunity and escape foreign competition. Thus market today is flooded with innumerable product variants, which boast of their herbal formulations. These not only compete with the 'chemical' products, but are giving them run for their money.

It calls for a need to observe the volatile market scenario and changing consumer perceptions about these. This study attempts to make suggestions, so as to comprehend the great Indian Market in the present context.

The report on the study has been presented in twelve chapters. The details follow:

The **Introduction** chapter gives the justification to the project giving briefly the dimensions as well as the direction of the study. This also includes the broad objectives of the study.

The chapter of **FMCG Scenario** starts with the basic concepts of Fast Moving Consumer Goods. Then it provides a brief outline of the major



global players. The history of FMCGs in India and its development over the years is discussed followed by a detailed discussion on the present market conditions and its complexities.

**C&T Scenario** starts with a review on the Cosmetics and toiletries industry in the world, followed by that on Asia-Pacific region. It ultimately zeroes on to the Indian scenario and presents sector wise review of the industry.

The chapter of **Industry Profile** starts with the basic concept of cosmetics and its evolution over the ages. Then comes the description of modern era of cosmetics and toiletries. The growth of the Indian industry in the recent past has been reviewed in respect to each of the product category chosen in the study. A brief company profile of certain important players is also added at the tail.

**Herbal Marketing Trends** tracks the herbal offerings being made in the Indian market and their development. It also gives the 'herbal' review of the market in Indian context, product category wise. A case of Indian firm is also presented in this chapter.

**Problem Formulation** starts with the nature of the study and explains the features of the survey research. Then follows the products selection and scope determination for the survey. Finally, the detailed objectives have been set and the hypotheses have been developed.

The chapter **Research Design** includes data requirement, time-resource constraint and the report on a pilot survey conducted before the main survey. Sample size determination and sample selection have been explained. Questionnaire design comes on next. Validity and reliability aspects of the questionnaire have then been examined which is followed by the description of fieldwork. The various statistical tests applied on data have also been explained.

The **next four** chapters present the survey analysis on the four major aspects of the study. Each of them includes the explanation of the various dimensions of the aspect, the data analysed and hypotheses testing. Conclusions and suggestions have accordingly been given. Tables have been added in each of the chapter.

**Managerial/ Strategic Inputs** starts with the specifics of emerging markets. It then relates it to the present Indian scenario and discusses the strategies adopted by MNCs and the counter posed by the Indian companies. Then some success and failure cases are discussed with their impeding strategies.

The last chapter **Summary of Conclusions** gives the abstract of the penultimate four chapters (primary data based) to facilitate the reader to comprehend all the findings at one glance.

Some **Annexure** have also been included to which the references have been given in different chapters.

Muzaffar Jamal

### **Introduction**

It is a market analysis from the modern marketer's point of view. This modern marketer is also, no doubt, guided by his selfish motive but is also loyal to his target group i.e. customers. He aims at not to dupe his customers but to provide the best possible service to each of the customer without ignoring any segment of it. He tries to make money not by means of profiteering but by way of extension and maximization of services, better communication with and education of customer, increased consideration of consumer needs and innovations.

This modern marketer is also socially responsible in its performance of business and is law-abiding too. He is so sensitive to social needs that he can even sacrifice his very survival rather than putting the society, the economy, or the nation in any trouble. This marketer prefers to curtail some of his gains in crisis periods and compensate it on the return of normalcy.

Now our modern marketer seriously considers coming up in direct challenge to the big multinational companies, to retain his customers and guarantee his very survival. Thinking in these lines, he selects some cosmetic and toiletries products. He finds this proposal perfectly in line with the changing social and economic needs of the region. The justification he gives for this opinion follows.

With the increasing disposable income with the Indian population (especially middle and upper-middle income groups), their per capita consumption of cosmetics and toiletries is also on the increase. They are desirous of improving their standard of living with the hygienic and reasonably high quality products and get rid of the 'chemical' products, which are harmful in the long run. They deserve quality product, correct information about the product and its easy availability. They are also

getting more demanding and selective, as they are offered more and more choice in the market. They are familiar and in-use with the homemade herbal formulations and trust these since ages.

Our modern marketer is aware of with this latent market, and is better equipped in this area, in comparison to the foreign companies. After getting fully satisfied with the congruence of social and his personal objectives, the marketer wants to proceed. But as a careful decision maker, he wants to get sufficient evidence of the viability of market potential, and wants to track the existing and potential competition before taking the major decisions which involve long-term commitments and are costly too.

Here the research comes at his rescue. He decides to take the services of a researcher to guide him in taking managerial decisions. The marketer briefs the researcher the objectives, the allowable time and the cost of the study. And the researcher starts on the project within the given outlines. This fictitious example explains the approach and the direction of this project.

The cosmetics and toiletries industry has grown tremendously in the past decade. There are more and more companies, both international and domestic, joining the foray. This is, not to talk of the untracked, large unorganised sector, which poses a threat to the big-guns in their region of operation. The organized sector is facing a lot of problems like redundant top-line growth, excise duties, limited capacity of production, look-alikes spurious products, foreign parallel market etc. The unorganised sector, on the other hand, is using cheap and spurious raw material and evading the excise duties. This makes their product much cheaper and affordable for the masses.

In addition, there is a slump in the Indian economy, and the domestic companies face tough competition from the foreign world-renowned brands. The general slowdown in the economy is also having an adverse impact on disposable income and purchasing power as a whole.

The industry is volume driven and is characterized by low margins. The products are branded and backed by marketing, heavy advertising, slick packaging and strong distribution networks.

There are many barriers to enter the market- huge investments in promoting brands, setting up distribution networks and intense competition. Competition among the companies has resulted in greater bargaining power of the consumers. They are asking for more 'value for money'.

Competition is based mainly on product attributes. However, in a bid to increase penetration in the market, companies often compete on pricing by offering discounts and freebies, to the price conscious Indian consumer.

Some MNCs have set up 100% subsidiaries (for example Procter & Gamble and SmithKline), which is a cause of concern for their Indian counterparts, as new product launches will vie for the already cluttered shelf space. With new brands being launched rapidly and competition becoming very aggressive, companies are fighting hard and looking for ways to woo Indian consumer.

Many FMCG brands are able to succeed in new markets due to strategic marketing initiatives. In a country like India, it is very important to look at the consumer and market aspect before finalising the brand strategy. Even the established players need to constantly monitor and upgrade/reformulate their strategies to keep up to the changing times.

This project is an effort in observing the Indian market and consumer and make suggestions to the Indian marketers accordingly, to leverage their 'core-competence' that lies untapped or at best-partially tapped in the form of 'herbals'.

The study is basically exploratory in nature and studies the market in respect of cosmetics and toiletries items. Only those items are chosen for the study that are truly 'necessity' items and are hygienically useful. The items like talc, lipsticks, perfumes etc are not included in the study. The more reliable method of studying a market i.e. primary data collection has been preferred. Market survey of a sample of population of North India has been conducted. The sample is a stratified one to cover sufficiently the different geographical regions. An emphasis has been laid on using more refined techniques and thus increasing the validity and reliability of the results, rather than accumulating larger volumes of information with less reliability in it. Appropriate statistical tests have been applied to draw the conclusions out of it. Each step of the research, starting from the product selection to the final analysis, has been explained in the chapters that follow.

The study is to explore the market potential for these products, observe the trends in the market and find means and ways to convert the opportunity in 'profits'. It aims at drawing attention of the business community for taking up new ventures in the field with an assured success. An attempt has also been made to suggest a viable marketing strategy to win this vast and highly potential market segment. The needs of the Indian consumers, their tastes and preferences, their buying behaviour have also been highlighted to guide the marketers in the field. A hint has also been given to them on distribution coverage and its possible strategy.

The study specifically aims at obtaining the information on the following-

1. The present and potential market of each of the selected products in the industry.
2. The usage pattern and buying behaviour of the consumers.
3. The usage purpose and product attributes preferred by the consumers.
4. Brand consciousness and brand loyalty in each product category.
5. To gauge the herbal preference in each of the selected category.
6. The effectiveness of existing promotional efforts.
7. Information source of the consumers for these products and assess the level of credibility given to these.
8. To assess the price perception and the price sensitivity of the consumers.
9. To estimate the problem of irregular supply and non-availability of the brands.
10. Frequency of schemes and the margin given to dealers for selected brands in each product category.

# CHAPTER 1

## FMCG Scenario



### **FMCG Scenario**

FMCG- Fast moving consumer goods refer to consumer non-durable goods required for daily or frequent use. These products cater to necessities, comforts as well as luxuries. They meet the demands of the entire cross sections of population. Price and income elasticity of demand varies across products and consumers.

This study focuses on five products, namely- Soaps, Creams, Hair-Oils, Shampoos and Tooth-Pastes. All these are necessity items, used on a frequent basis. Typically a consumer buys these goods at regular intervals. These are bought for personal consumption and family care.

Consumers keep a little stock of these products and make frequent purchases for these. These individual items are of relatively small value, but all FMCG products put together account for a significant part of the consumers' budget.

These characteristics of FMCGs have vast implications for marketers of these goods. The consumer holds a very different mindset for making these purchases. She spends little time on the purchase decision. Rarely does she look for technical specifications (in contrast to industrial goods). Brand value or recommendation of a reliable person (retailer/dealer/friend) drives purchase decisions. Trial of a new product i.e. brand switching is often induced by heavy advertisement.

**Distinguishing Characteristics Of The Business:**

FMCG companies sell their products directly to consumers. Major features that distinguish this sector from the others are as follows:

**Low Capital Intensity:**

Most product categories in FMCG require relatively minor investment in plant and machinery and other fixed assets. Therefore shortage of product for want of capacity would be a rare phenomenon. The turnover is typically five to eight times the investment made in a greenfield plant at full capacity. This is also due to the fact that the business being marketing driven, players do not integrate backward. Also, the business has low working capital intensity as bulk of sales from manufacturers takes place on a cash basis.

**High Initial Launch Cost:**

Nonetheless, there is a large front-ended investment made in new products including cost of product development, market research, test marketing and most importantly its launch. To create awareness and develop franchise for a new brand enormous initial expenditure is required on launch advertisements, free samples and product promotions. Launch costs are as high as 50-100% of revenue in the first year and these costs progressively reduce as the brand matures, gains consumer acceptance and turnover rises.

For established brands, advertisement expenditure varies from 5 – 12% depending on the categories. It is common to give occasional push by re-launches, which involves repositioning of brands with sizable marketing support.

### Technology:

Basic technology for manufacturing is easily available. Also, technology for most products has been fairly stable. Modification/ improvement rarely changes the basic process. Nonetheless, major global players spend enormous sums on R&D due to their ability to spread cost over the wider base of their global operations. Their R&D efforts are towards cost effective manufacturing process without compromising on quality and functional performance.

### Marketing Drive:

In relative terms, marketing function has greater importance in FMCG companies. The players have to reach out to mass population and compete with several other brands, which essentially offer similar products. The perceived differences are greater than the real differences in the product.

### Market Research:

Consumers' purchase decisions are based on perceptions about brands. They also keep on changing with fashion, income and changes in lifestyle. Unlike industrial products, it is difficult to differentiate products on technical or functional grounds. With increasing competition, companies spend enormous sums on product launches.

### Balance Sheets Are Misleading:

The most critical asset for FMCG companies is represented by its brands and distribution network. Brands are bought and sold like any other assets. Typically, when an FMCG business is sold, the value of the brand is several times that of tangible assets. However as per the current accounting practices in most countries, investment made in building of brands are written off as revenue expenditure. This is due to high risk involved with a new brand,

subjectivity involved in its valuation, lack of consistency and difficulty in separating a brand's value from that of tangible assets employed in the business. While a successful brand will pay back the investment several times, in case of brand failure, entire investment has to be written off. High return on net worth of most established companies is also misleading due to the fact that the assets sans brands are considerably understated in the balance sheet.

Third-party Manufacturing:

Manufacturing of products by third party vendors is quite common. Third party *manufacturing used to give fiscal advantages particularly of excise duties.* These have been considerably diluted in the past 7 years of reforms. In the 1997-98 budget the government proposed to change the basis of excise levy to MRP basis. A total of 43 product categories have been brought under the MRP net in the subsequent budgets. Besides excise benefits, third party manufacturing also provides other benefits viz. flexibility in production and inventory planning as the marketing company's decision-making is liberated to a large extent from taking manufacturing overheads into account flexibility in controlling labor costs. Most small-scale third-party manufacturers have benefits of direct control of the owner and greater ability to manage local environment. The large organization also runs the risk of unionization. It is beneficial (in terms of logistics) and sometimes essential to get certain products manufactured near the market. A company can tie up with several 3P manufacturers in separate locations, rather than set up own manufacturing facilities.

The marketing company gives technology, lays down quality standards and typically exercises supervision on manufacturing, cost and quality standards. The marketing company may also co-ordinate raw material procurement to

optimize on bulk discounts. While in most cases, manufacturing process is fairly simple, certain products require supply of some critical ingredients by the marketing company (which in turn may be imported from the parent company). It is common to find support in working capital finance also.

*Significant Presence of Unorganized Sector:*

There is a significant presence of unorganized sector in India. In the past, several factors led to mushrooming of small unorganized players with local presence viz. basic technology for most products is fairly simple and easily available.

Fiscal advantages: In India, small-scale sector enjoys (the concessions however have been diluted considerably in the past few years) exemption/ lower rates of excise duty, sales tax etc. This makes them more price competitive vis-a-vis the organized sector.

Remote rural markets: Due to highly scattered market and poor transport infrastructure, very few MNC companies/ organized players have been able to reach out to remote rural areas and even small towns. Low brand awareness enables local players to market their spurious look-alike brands.

Cost advantage: Lower overheads are due to limited geography, family management, focused product lines and minimal expenditure on marketing.

**Global Scenario:**

Major global consumer product companies (such as Unilever, Procter & Gamble, Colgate, Nestle, Heinz etc) have a lion's share of the global market<sup>1</sup>. These companies have been established for a very long time and possess a clutch of strong brands with proprietary technology. Most of these companies are cash rich and well managed. Their brands generate strong cash flows and allow them to reinvest in strengthening their brand equity further, with continued promotions and advertising. They also have the financial clout to acquire small, local brands to strengthen their position in the category. These companies also make considerable investment in R&D to sharpen and maintain their edge in business.

Most of these global players have their origin in Europe or USA. They find their home markets saturated and are banking on the third world for further growth. These companies are establishing their base in these countries and constantly consolidating their position by either fine-tuning their strategies to the local conditions or by formulating all the more a new approach to penetrate these markets.

During the last few years, particularly after reduced consumer spending during the global recession (1991-94), the new buzzword is "value for money". FMCG companies globally have embarked upon major restructuring/cost-cutting exercises as the business has become fiercely competitive. Technology, besides other factors has played a major role in checking profit-margin abrasion.

---

<sup>1</sup> IndiaInfoline.com

**India:**

In India distribution<sup>2</sup> is handled by an incredible 5 million number of retail outlets. Supermarkets are virtually non-existent in India. This makes logistics particularly for new players extremely difficult. As Ray Anjan puts it-“Indian markets are characterized by fragmented retail distribution, large variations in income and low cost labor. Calling it a market where the consumers’ relationship with life reflects his/her relationship with brands.”

Here is a brief overview of how FMCG sector developed in India-

**FMCGs- How it developed in India & Present Players:**

It was Dabur<sup>3</sup>, which kick started in India what is today known as fast moving consumer good (FMCG) industry. It was some 115 years ago, much before Hindustan Lever Limited (HLL) materialized on the scene. Although Dabur could achieve neither the reach nor the product depth of HLL. It was through these companies that FMCG industry has metamorphised in India.

**The fifties and beyond:**

Though multinational companies (MNCs)<sup>4</sup> were allowed to operate in India, only HLL had a manufacturing base at the time of India’s independence. For other global MNCs, the Indian market was too small to bother about. Colgate and Nestle were there, but they were mainly into trading. Though the sixties saw many MNCs setting up their manufacturing base in the country, it was not a clear go for FMCG majors, for the government policy modeled as it was on a socialistic pattern with strong emphasis on self- efficiency, remained protectionist to the core.

---

<sup>2</sup> Indian Insight; SPC Asia, June 2001, Issue 25, pg.15; Ray Anjan.

<sup>3</sup> Whipping up an FMCG Excitement; Indian Express Online, 19 June 2000.

It was in 1978, that the new government earmarked several product categories for the small-scale sector. The MNCs then were asked to choose between slashing their equity stake to 40 percent or leave India. IBM and Coca-Cola opted for the latter and quit India. Only Unilever stayed put with HLL. Unilever managed to retain a 51% percent foreign stake by complying with the government conditions of minimum 10 percent export and 60 percent turnover from priority sectors. It got into the business of fertilizer and chemicals to meet the conditions for staying on in India.

#### Lopsided Growth:

HLL stayed on, but the FMCG sector in India had a slow and lopsided growth. After so many years, quite a few product segments in the industry still remain unrepresented, and most segments under-represented. Barring personal care and hygiene, no other product segment has had an explosion of players. In food products, for instance, there are only three major players- Pillsbury, AnnaPurna and Captain Cook. Same is the case for vegetable oils, where again there are very few players.

It is because the FMCG sector never got the centrality it deserved. The FMCG sector has been a victim of definitional dilemma in India. This sector has been looked upon as an MNC dominated and high price sector which sold only luxury goods to the rich. Even the government shared this view, as its regulations reflected.

As a result, most MNCs shied away from India. MNCs found that doing business in India was difficult as compared to the world outside. It did not make sense for them to make huge investments in India. There were other reasons as well, which made India an “extra tough” market in the eyes of the

---

<sup>4</sup> IndiaInfoline.com



MNCs. The need for localization was much there. The market was not open enough to allow free entry and exit.

*The Dramatic Nineties:*

The situation changed<sup>5</sup> with the 'liberalization' of Indian economy (1991). The liberalization has brought with it a sudden economic growth that has resulted in a spurt in real disposable incomes. It has changed the scenario from an inward looking society to a rapid global integration. The Indian consumer is put into a time squeeze, zapping India into a present, in line with the West.

The floodgates were opened and MNCs with saturated home-markets who were looking for nascent markets rushed in. Categories within categories were created in products such as hair-oil and skin-care and many new product categories were also created. Untouched facts of Indian consumers were explored. The FMCG companies had in front of them not only a vast untapped market but also a market that was fast growing. Income levels were rising. A new class of upwardly mobile was emerging. Television and satellite and cable television were helping the market to grow further in rural areas by changing aspirations and lifestyles. The canvas widened for the FMCG players, but so did the challenges. Rules of the game changed. Strategies, in their true sense came to the fore quite unlike in the past; companies began looking for ways to expand their product portfolios and distribution reach. Acquisition of brands became the order of the day as it gave the players easy options of attaining growth in the FMCG sector.

HLL, for instance unleashed brands in a way it had never done before. Just in a span of four years (1992-1996), it acquired Tomco, Kwality and Kissan.

---

<sup>5</sup> Chemical Business, Feb 2000, Vol.14, Issue 2, pg.29; Sangneria Santk.

Lakme was bought off lock, stock and barrel in 1995, to leverage Lakme's distribution channel.

The Indian arm of Colgate-Palmolive bought off the entire oral hygiene business of Hindustan Ciba Greigy for Rs 1.31 billion taking over Cibaca Top and Cibaca Fluoride toothpaste brands and Supreme, Standard Angular and Deluxe Transparent toothbrush brands. It helped companies to increase their market share as well as distribution network.

There is strong MNC presence in the Indian FMCG market and out of the top 10 FMCG companies; four are multinationals while two others have significant MNC shareholdings. Unlike several other sectors where multinationals have entered after 1991, MNCs have been active in India for a long time. The top five listed FMCG companies on the basis of their sales turnover in the last financial year (either year ended December 31, 1999 or March 31, 2000) are-

Company Name	Year-month (Finance year)	Sales (Rs. Crores)	Profit After Tax (Rs. Crores)
Hindustan Lever Ltd.	1999-12	10978.31	1073.73
ITC Ltd	2000-03	7971.94	792.44
Nirma Ltd.	2000-03	1717.88	234.1
Nestle India Ltd.	1999-12	1546.43	98.47
Britannia Industries Ltd	2000-03	1169.84	51.02
Colgate Palmolive (India) Ltd.	2000-03	1123.53	51.79
Godfrey Philips India Ltd	2000-03	1082.63	42.1
Dabur India Ltd.	2000-03	1046.28	77.67

SmithKline-Beecham Consumer Healthcare Ltd	1999-12	743.38	97.61
Godrej Soaps Ltd.	2000-03	714.74	61.89
Marico Industries Ltd.	2000-03	649.05	35.73
Cadbury India Ltd.	1999-12	511.08	36.7
Proctor & Gamble Hygiene & Health Care Ltd.	2000-06	492.85	75.03
Reckitt & Colman of India Ltd.	1998-12	435.33	31.47
ISPL Industries Ltd.	1999-03	21.57	0.04

Among the major companies, Hindustan Lever has a strong presence in the food, personal care and household care (detergents) sectors; ITC is the market leader in cigarettes. Nirma has a strong presence in the detergent market, Nestle and Britannia are active in the food sector and Colgate has a strong presence in the oral-care segment.

#### Exports:

India is one of the world's largest producer for a number of FMCG products but its FMCG exports are languishing at around Rs.1,000 crore only. There is significant potential for increasing exports but there are certain factors inhibiting this. Small-scale sector reservations limit ability to invest in technology and quality up gradation to achieve economies of scale. Moreover, lower volume of higher value added products reduce scope for export to developing countries.

A lot of activity is going on in the Rs. 43,000 crore Fast Moving Consumer Goods (FMCG) market. Analysts in the industry come out with varied opinion on this industry, which is going through tough times. It is the categories that

enjoy the highest penetration (proportion of the population that uses the product) that have been hit the hardest.

The penetration of tea<sup>6</sup>, at 99 percent, is near total. Toilet soaps clock in at 97 percent, and tooth-powders and tooth-pastes together- both are rarely used in the same household- tot up an impressive 80 percent. Future growth, then, will come only from an increase in population and per-capita consumption (itself a function of discretionary income). Coping with this requires a fundamental change in the mindset of typical FMCG companies: the rapid upsurge in *incomes over the past decade meant all they had to do to sell more was focus on getting the product to the customer*. According to research conducted by the National Council of Applied Economic Research (NCAER) penetration (growth in number of purchasing households per 1,000 households) contributed nothing to the growth of the toilet soaps market between 1998 and 2001.

Increased consumption (intensity of usage) contributed 1 percent; rising income, 35.2 percent, and growing population, 63.8 percent. "In the long run, the impact of penetration and consumption will be negligible in categories like toilet soaps and detergents. The only factors that will determine growth are income and population," says R.K.Shukla, a senior statistician at NCAER.

Distribution-led growth, then, is out. Now, companies have to address far more complex issues, related to product and price. The simplest way to achieve this is to launch products at the lower end of the price spectrum. If companies like HLL, Colgate-Palmolive, P&G, Reckitt-Benckiser, and others have been unable to achieve these breakthroughs, says Santosh Desai, Executive Vice-President, McCann Erickson India, it is because of their

---

<sup>6</sup> Still Life with FMCGs; Business Today, June 21, 2001, pg-42-46, Seema Shukla.

lineage- "Genetically, MNCs are not built for this. Their business models are margin centric; at the lower-end of the market, you need to be volume-centric."

There is room for companies to grow the market. "None of the markets we are in are mature, claims Aart C. Weijburg, Director (Detergents) HLL." Soaps at around 90 percent is among the most highly penetrated markets, but the per capita consumption in India is 0.4 kilograms a year. Thailand boasts a per capita consumption of 0.6 kgs; Brazil, 1.3 kgs. Just in soaps then, there is a long way to go before there is market saturation.

But the Indian market is stagnating. For FMCG companies, this was the day that was bound to come sooner than later. For most part of the 1990s, most product categories clocked impressive double-digit rates of growth-year on year, quarter on quarter.

By the turn of the millennium, though, it was evident that the great rural-economy boom was over. And the urban markets just could not grow any more. Companies reacted predictably, by increasing their advertising budgets, but this achieved little apart from increasing market - and media clutter.

Then, the marketers discovered promotions. Data provided by research firm ORG-MARG indicates that the promotional expenditure of some companies went up from 5 percent of sales to 20 percent. Almost 15 percent of the tooth-paste (grammage) sold in 1999 was free. That's the case with toilet soaps.

A few companies did try to grow the market from the bottom-up. HLL launched a slew of offerings targeting the rural poor: A1 tea; Aim tooth-paste, and a repackaged Lifebuoy.

*Growing the Market:*

Not all companies can be mass marketers. Indeed, some do not want to be that. Instead, they prefer to target lucrative niches, and focus on value-added offerings. That's the approach Gillette and Proctor & Gamble have chosen to adopt in India. India, as a market is large enough to warrant local strategies, and most transnationals operating in the country do recognize that. Still, few companies have been bold enough to make the kind of radical changes they need to in their marketing strategies to succeed. Even HLL does not directly reach 90 percent of the villages in the country, which together account for 36 percent of India's population.

Marketing pros in FMCG majors could not ask for better company, as they set out to crack price, product, and penetration issues (direct reach as opposed to reach) related to stagnation and decline: their peers in consumer durable companies. Together, believes Rajeev Inamdar, President, ORG-MARG, these marketers will have to try and understand how consumers outside the cities behave.

Watching their progress closely will be those FMCG companies operating in the markets that are not declining. That, though, is primarily a function of penetration, not great marketing strategies. Over the course of the next few years most markets could show signs of stagnation and decline as marketers run through those consumers willing to buy their existing products at their existing price-points. They will now need to come up with innovative product-, pricing- and distribution-strategies.

The business of making people look good is undergoing a face-lift. A flurry of new launches in product categories ranging from perfumes to shampoos, from tooth-pastes to creams, from lipsticks to lotions is giving a brand new

look to the Rs 800-crore personal products market which has been stagnant for the past few years.

Transnational consumer products companies like Hindustan Lever Ltd (HLL), Colgate-Palmolive (Colgate) and Procter & Gamble (P&G) are aggressively introducing new brands. In fact, P&G has even set up a wholly-owned subsidiary for this specific purpose. And German transnational Benkizer has begun recruiting marketing staff for its forthcoming launches.

In addition, a host of global firms<sup>7</sup> with world-famous brands-like Nina Ricci, Avon etc are targeting India as their next destination. Several joint ventures are also coming up. Like the new brands, possible buy-outs and alliances in the pipeline are also shaking up the business. Anticipating the spate of launches, Indian companies are fighting back with products of their own.

The second major emerging market in personal products is men's toiletries. Several companies are targeting this segment in a bid to widen their consumer-base.

Hitherto covered by traditional cosmetic-makers, the skin is fast becoming the focus of a range of new launches. Indian companies are stealing a march over their foreign competitors by coming up with specialized products for this Rs 100-crore market: for instance, J.K.Helene Curtis plans to launch a moisturizer with vitamin-E as USP.

The hair-care segment is becoming the focus of niche products. Twigg Laboratories has launched Dandroil, a special anti-dandruff hair-oil, while J.K.Helene Curtis introduced its vitamin-E shampoo. And the recent

---

<sup>7</sup> The whiff of Warfare; Business Today, 22 September 1993, pg. 87-89, Chhaya Carvalho.

improvisations from HLL, in the form of gel shampoos (Clinic Gel; Sunsilk Salon Treatment), is likely to spark off a trend for innovative products.

Meanwhile, in the tooth-paste market, the battle lines are drawn, with Colgate and P&G joining the fray with newly launched tooth-pastes. While Colgate TOTAL will target users who want a tooth-paste with medical properties, P&G's world-famous Crest will be positioned as a general-purpose product.

With the big companies getting bigger, smaller competitors are shopping for alliances. And as the product launches and power lunches continue, the Indian consumers will see a flurry of activity in the FMCG market.

C.K. Prahalad is of the opinion<sup>8</sup> that Indian FMCG companies are not trying to convert India's problems into opportunities. He says that the companies are operating under the paradigm—"Top of the pyramid, no resource constraints for consumers and FMCG as fashion products". FMCGs have to compete not only with each other, but also with other product and services which are more appealing to people. FMCGs have to increase their share of mind with the customer before they can increase their share of wallet. He opines that India does have the capabilities to drive product development, and it needs to be utilized in the FMCG industry. Companies have to realize that the Indian consumer is extremely rational in her buying decisions. Her behavior approximates to the ideal 'economic man'. Aesthetics come into play later. So, even though advertising plays a role, it plays a lesser role than good product quality and price-performance. He says—"FMCG industry cannot sell more by following the old way. There is a big market to be tapped, but FMCG firms need to make a fundamental rethink of their business". He fundamentally emphasizes the need to focus on increasing penetration, and

---

<sup>8</sup> Convert India's Problems; Business World, 25 November 2002, pg. 38-42, C.K.Prahalad



usage by orders of magnitude. In India, the penetration is very high in some FMCG products; in others it is very low. But coming to 'usage', no product has high usage by international standards.

Yet some analysts are of the opinion<sup>9</sup> that FMCG industry is immune to the industry slumps and downward trends. They argue with the fact that these businesses (FMCG) are by their very nature, non-cyclical. This implies that at times of economic slowdowns or even downturns, FMCGs are last to be effected adversely. Says a P&G spokesman: "In an industrial slowdown, the discretionary spend goes down. But the purchase of essential items remains largely unaffected, so consumer-buying behavior does not get adversely affected. As such one can say that FMCGs are insulated from the slowdown". At most, one may reduce the frequency of purchase or downgrade to a less expensive brand.

A study done by Ogilvy & Mather Asia Pacific drew on historical data. The study observes that even in recessionary times, real consumer spending can increase. And perhaps with a reduction in high-ticket purchases, consumers find they have even more spare money for the weekly grocery shop than before. This could as well happen during an economic slowdown.

There is another factor that keeps these companies profitable and fairly well balanced on the market share. Being brand centric, they have managed to build brand loyalties, and can play with prices across the product basket. Besides, owing multiple brands, these companies can cross-subsidize on lower-selling products with earnings from higher-selling ones. Therefore maintaining their profits and market shares.

---

<sup>9</sup> Off the Shelf, Into the Ring; Economic Times, Brand Equity, 22 July, 1998, pg-1: Sabiha Hussain, Yogesh Katekar & Madhavendra P.

Growth in metro markets is negligible, drivers has been new markets- semi urban and rural. Constant product innovation is the feature of the sector, catching up new with Indian FMCG companies-Godrej Soaps, Nirma, Marico etc. These companies keep up their pace on their brands (launches and relauches) as well as their spend levels on promotions, even during their tight periods.

While innovation and ad-spend rank high on their agenda, MNCs are conscious that their profit margins do not suffer. This preoccupation with profitability compel them to stay out of seemingly marginal segments, which have presented an opportunity to Indian companies to quickly grab and capitalize on. As such, entry barriers, though high, are not insurmountable. And if the international trends are anything to go by, the FMCG sector is likely to see further fragmentation.

In Indian context, phase I growth<sup>10</sup> in FMCG sector was triggered by a confluence of 'never happened before' events that cannot keep repeating.

- People's income (especially the upper middle and upper income groups) grew tangibly, in a very short span. NCAER's MISH study has shown that a lot of the improvement in the income distribution is due to upward mobility and not just creation of new household units. IRS and NRS data shows that between 1990 and 1999, total annual households income (nominal) has increased by a factor of 2.5 to 2.7.
- There was an array of products (categories and variety) available for the first time. Consumption ideology was friendly signaled through cuts in income taxes.

---

<sup>10</sup> Prospects for the Consumer Goods Sector; Economic Times, 16 October 2000, pg.6, Rama Bijapurkar.

- Manufacturers brought out deals that consumers had never seen before.
- Not only were price increases below inflation in many consumer goods categories, but real prices in some categories also dropped as competition improved.
- Added to this was a remarkable improvement in distribution depth and quality, as companies discovered that there was money beyond the big towns.

This set of circumstances led to the golden years of growth of consumers' goods. But it is far from over and companies will have to formulate strategies, before the next phase of slow and steady growth can start.

FMCG companies which bet their top line growth on the size of the vast rural/semi-urban market are finding<sup>11</sup> that odds on this one are against them. So much so that companies like Procter & Gamble, Nestle, Cadbury etc, have come back to city slickers and decided to stay away from the rural markets. Company like HLL has found that local regional brands and the poor infrastructure to reach the rural markets have affected volume growth. That is one of the reasons why companies like HLL, Marico and others have let loose a series of products aimed specifically at rural markets, at rock-bottom prices and in sachets or pouches. Thus FMCG companies are investing in their distribution channels by way of subsidies so that the channel becomes viable in future.

There is one more typical problem<sup>12</sup> that FMCG companies face in India: countering one of their own. For the likes of Hindustan Lever, Procter &

---

<sup>11</sup> Country Roads Don't Look That Exciting for FMCGs; 15 December 2000, pg-1: Kala Vijayraghavan, Anamika Rath.

<sup>12</sup> Brand War: HLL, Dabur, P&G to battle one of their own; Financial Express, 14 January 2001, pg-1

Gamble, Dabur, the stakes are high: an effective strategy to counter this menace of counterfeits prowling in the market would paint their bottom lines in a darker shade of pink. The total value of FMCG market in India is estimated to be Rs60,000-crore. Of this counterfeit companies rake in a healthy Rs1,700-crore annually through their products which pass off as Ariel, Pantene Pro, Head & Shoulders etc. revenue loss is not the only problem. The counterfeits, with their shoddy manufacture, cause permanent injury to the reputation of originals, quality wise.

Marketing folks<sup>13</sup> like P's. First there was Product, Price, Place and Promotion. Then there was Positioning, Pace and People. Now, the latest P that has bit the marketing fraternity: Portfolio. The FMCG business is buzzing with the concept of product portfolio management, with both multinational and domestic companies shuffling their brands. The ultimate objective is same: maximize returns.

Whether it's Hindustan Lever, Procter & Gamble, Colgate-Palmolive, Godrej Soaps or Marico, the story is same. With a plethora of brands fighting for that shrinking share space on retail shelves, companies are reworking their array of brands to get a combination which includes only winning brands.

Analysts tracking the sector view this as part of a natural market cycle. Post liberalization, when multinationals entered the country in hordes, there were product launches by the day. To compete, domestic companies offered the same. As a result there was intense competition. To generate more excitement and get customers to talk about their product, companies launched variants. These came in the form of a different flavor, a new packaging, or a slight change in the product formulation. Now is the time for brand shakeout. Companies are rationalizing, consolidating their brand

---

<sup>13</sup> Get Off My Shelf, You Loser; Economic Times, 31 January 2001, pg-1-2, Anamika Rath.

portfolios. With all the action in the FMCG sector, companies are sure of one thing-the market can grow further only after the consolidation phase.

Recent ORG-MARG sales audit figures confirm the impression of a widespread slowdown in sales growth for the FMCG industry.

Year on Year Growth %	FMCG growth sampled in Q4'01 over Q4'00.	
	Growth Rate	%
Q1(Apr-June,2000) 11.5	HLL	-1.8
Q2(July-Sept,2000) 8.6	Nirma	0.3
Q3(Oct-Dec,2000) 4.3	Colgate	0.1
Q4(Jan-Mar,2001) 3.3	P&G	2.1
	Dabur	4.6
	Reckitt&Colman	6.8
	SKB	11.3

(Economic Times, 11 May 2001, pg-1)

Looking good is fast becoming a necessity with the Indian women<sup>14</sup>. In the process, cosmetics are finding appeal with a wider base of consumers, fuelled by higher exposure on satellite television, the fact that more women are stepping out to work and that cosmetics are no longer a taboo with teenagers, as they were a decade ago.

In skin-care, which is worth<sup>15</sup> around Rs 350 crore, HLL's Fair & Lovely brand dominates the fairness cream segment (Rs 185 crore market size). The

<sup>14</sup> Redefining Mass Cosmetics; Economic Times, Brand Equity, 2 July 1997, pg-3, Sabiha Hussain.

<sup>15</sup> Personal Product Gaint in the Making; Financial Express, 13 February 1998, pg-12, Namrata Singh.

cold/vanishing creams market at Rs 80 crore is dominated by Ponds. The moisturizer segment with market size at Rs 600 crore has the presence of both Lakme and Ponds.

In the Rs 500 crore<sup>16</sup> hair-care market, the shampoo segment was growing at 40% in 1996; dropped to 23% in 1997 and to a single digit in 1998. Growth in skin-care crashed from 25% in 1996 to around 16% in value terms in 1998. All eyes are on the government. With affordability still the key to growth; an excise slash from the current 30% to 18% is what marketers are hoping from this budget.

Pharmaceutical companies diversifying into cosmetics and personal care products enjoy the advantage of technological synergies with their mainstream business. As personal care product marketing gets formulation led, it is becoming a lucrative area to enter. Indian Pharmaceutical industry has always had a flirtatious relationship<sup>17</sup> with the cosmetics/personal-care products sector. There are technological synergies for the pharmaceutical companies, but it's the complexities of consumer marketing and the huge expense involved that puts off pharmaceutical companies. But with the Indian opening up, more and more pharmaceutical companies like Cadila Healthcare, Torrent pharmaceuticals, etc are joining the foray, to tap the potential that beholds the great Indian Market.

---

<sup>16</sup> Desperately Seeking Vibrancy; Economic Times, Brand Equity, 13 January 1999, pg-3, Sabiha Hussain.

<sup>17</sup> And now its Cosmeceuticals; Economic Times, Brand Equity, 9April, 1997, pg-2, Dibyendu Ganguly.

FMCG rivals in India are coming together<sup>18</sup> in an industry-wide initiative called efficient consumer response (ECR). It works on the model on savings that could be extracted by increasing efficiencies in the supply chain. ECR is used for two things. First, a process through which companies can increase efficiency of the supply chain and making it more responsive to customer needs. And second, as an industry-wide initiative to increase efficiencies across companies.

Even as there are shouts of dismay about how the FMCG goods retail segment is coping with the negative impact of economic slowdown, industry analysts observe that the real picture emerging is that consumer buying may not have impacted to the extent that it is projected, but has only shifted or fragmented to other sources. One result of this would be buying has changed from the dominant local companies with widespread retail networks to the mushrooming parallel retail market for imported products.

According to informal industry estimates<sup>19</sup>, the extent of imports may have doubled over the last two years, which also explains the level of dent in the local industry. It is understood that this parallel market, which was insignificant a few years ago, has mushroomed to dot the retail shelves, which are now increasingly stocking imported products.

Industry observers also point that this alternative market is now further spreading its tentacles to set up even an organized field force. A distribution network would also mean a regular supply giving a wider choice to the consumer. Officials from leading FMCG companies also point out that apart

---

<sup>18</sup> A Meeting of Minds; Economic Times, Corporate Dossier, 21 July 2000, pg-1,3, Doctor Vikram.

<sup>19</sup> FMCG, Consumer Focus Shifts to Parallel Retail Market; Financial Express, eFE, 3 October 2001, pg-4, Namrata Singh.

from the parallel retail market of imported goods, there could be another category of imported goods that are sold which don't conform to local regulations like excise duties and packaging regulations. Such products are sold at prices lower than the imported and domestically available goods. Further, on these products, there is no expenditure incurred on advertising. Normally, the expenditure on advertising is about 15-20 percent of the cost in the case of soaps and detergents.

Not surprisingly, for the retailer then, it is profit time. Traditionally, while he drew a margin of 15 percent from established companies, he is now drawing a good margin of 25-30 percent from the parallel market.

All of this has its impact on other areas of FMCG marketing too. For example, there is a spurt in below-the-line activities in the FMCG industry, as companies tread cautiously on advertising expenditure.

Coconut oils, refined edible oils and shampoos<sup>20</sup> are the only sectors in the Rs 80,000 crore FMCG industry, which are in positive growth bracket. The rest of the sectors like toilet soaps, detergents, tooth-pastes, talcs, etc are reeling under a negative growth trend which has snowballed into the prevailing slowdown.

As per year-on-year industry estimates of ORG-MARG for February 2001 to July 2001, the volume growth in coconut oils is a positive 3.4 percent in July 2001. In the shampoos category, growth declined from 14.4 percent in February 2001, to 7.7 percent in July, but the growth decline appears

---

<sup>20</sup> Three Categories Buck the Trend in FMCG Industry, Financial Express, eFE, 5 October 2001, pg-4, Namrata Singh.



insignificant in view of the negative growth scenario in most of the other sectors.

In addition to larger sectors, 'skin-creams' also showed growth. This market was posting a negative growth of minus 4.7 percent in March 2001, and was at minus 4.9 percent in April. Skin-creams came back in the positive growth bracket in June-July 2001, with a marginal growth of 0.1-1.7 percent. Mature markets like soaps and detergents have declined to a great extent. Toilet soaps is burdened with a negative growth of 15.6 percent in July 2001. The volume growth in this sector stood at a negative 2.9 percent in February 2001. In tooth-pastes, the negative growth has deepened since February 2001 from minus 1.1 percent to minus 6.3 percent in June 2001.

### **FMCG: Innovation, Brand Extension & Repositioning:**

FMCG requires constant innovation and repositioning of brands. Consumers are getting more conscious and gone are the days when basic product would satiate their need. Today they demand more innovative products backed by the scientific evidence. This has led various companies to extension and repositioning of their existing core brands.

- ♦ Hindustan Lever Ltd. (HLL) has launched a variant of Lux shampoo with Vita-conditioner<sup>21</sup>, a new ingredient targeted specially at the southern market. Lux shampoo has seen a few relaunches and now has a 4.6 percent market share in the South and a 7.3 percent share all India.
- ♦ In a bid to strengthen its product portfolio fast moving consumer goods (FMCG) major Marico Industries<sup>22</sup>, is extending the

---

<sup>21</sup> SD&TR, July 2002, pg. 19.

<sup>22</sup> SD&TR, January 2002, pg. 23.

Parachute brand. It has begun test marketing Parachute Samporna, a value added hair oil in select parts of India. Marico already sells Parachute Jasmine and Parachute Enrich types of coconut oil under the Parachute brand. Parachute Samporna constitutes coconut oil, almonds and hibiscus and is priced at Rs 27 for a 150-ml pack, a premium over the mother brand. Dabur, the market leader in this segment saw its share declining from 38 percent to 36 percent in 2001-02. Dabur's Vatika is the leader with a 41 percent market share.

- ◆ Cholayil launches yet another natural product-Viha bath soap<sup>23</sup> with a combination of Chandan and Devadaru. Chandan has been used over the ages for its cooling and skin care properties. It also prevents pimples and prickly heat, and is a natural antiperspirant. Devadaru, a bark is a natural deodorant and is also antiseptic in nature. The brands of the group include Medimix ayurvedic soap, Tejaswini ayurvedic skin care capsule, Medimix coconut oil, Herbs shaving cream and Cuticure talcum powder. Cholayil has effectively reinforced the strength and efficacy of Ayurveda in the eyes and mind of general public to become a leading FMCG manufacturer in the country.
- ◆ Owing to declining growth rates<sup>24</sup> for talcum powders, HLL is stretching the franchise of various brands in this category. It extended the brand Vaseline to talcum powder from petroleum jelly, to hold on to its 58 percent value share in the talcum powder market. The company is trying to consolidate its market position by a series of other talcum powder brands, mostly extension of its soap and deo brands such as Liril, Denim and Axe. Apart from the

---

<sup>23</sup> SD&TR, June 2001, pg. 13.

<sup>24</sup> SD&TR, June 2000, pg. 21.

existing talcum powder brands of Ponds Dreamflower and Ponds Magic, HLL stretched the Ponds franchise to a 'Light N Easy' variant while a Sandalwood variant exists only in Southern market. Besides, its male deo brand of Axe was extended to a powder in spite of the existence of its other male powder brand of Denim in the market. According to ORG-MARG, the market for talcum powder in India is valued at Rs 700 crore with a de-growth in the range of 4-5 percent.

- ◆ Indian toilet soaps market is valued<sup>25</sup> at Rs 4800 crore. The market is very fragmented and this has led soap companies to relaunching of their brands. HLL has recently relaunched a host of toilet soap brands like Lifebuoy, Lux, Breeze and Liril with value additions. Also it is in process of rolling out Ayush, an ayurvedic soap. For over two years the toilet soaps market has been stagnating at a poor two-three percent growth rate. Thus Indian marketers and manufacturers are now relaunching their brand with value additions. Godrej is coming up with an improved version of Godrej-Fair Glow. The company now offers an improved brand in new packaging at no extra cost. Also to meet growing needs of consumers, Godrej has relaunched Cinthol with the added benefit of deodorant.
- ◆ Henkel Spic India Ltd., a division of German multinational consumer goods major Henkel KGaA, is extending its Margo brand<sup>26</sup> to a range of skin care products such as body lotion, cold cream and talcum powder. Also in the pipeline are many new products such as shampoos and oils. Margo is present in the market with its two soap variants-Classic and Glycerin. The

---

<sup>25</sup> SD&TR, May 2001, pg. 41.

<sup>26</sup> SD&TR, May 2001, pg. 43.

company earlier expanded the 'Fa' range by adding the men's range of toiletries such as talcum powder deodorant and soap.

**Percentage share of domestic FMCG companies against MNC giants:**

Indian fast moving consumer goods companies have gained 2.7 percentage points over their MNC counterparts<sup>27</sup> during 1998-2001. Translated into sales, this amounts to Rs 1,124 crore. From a 51.1 percent share of Rs. 37,019 crore FMCG market in 1998 Indian companies have marched ahead to attain 53.8 percent share of the Rs 41, 624 crore market in 2001. At the same time, the MNC pie has shrunk from 48.9 percent in 1998 to 46.2 percent in 2001.

Of the 1,500 companies analyzed by ORG-MARG, the top 20 suffered a negative growth of 3 percentage points from 61 in 1998 to 58 in 2001. According to the survey foreign companies are losing grip over their traditional strongholds like packaged tea, iodized salt, skin creams, toilet soaps, tooth-pastes and shampoo. Shampoo sector witnessed a fall of 3.5 percent, skin creams 6.7 percent and both toilet soaps and toothpaste suffered a 3.9 percent decline in market share over the three-year period (1998-2001). This transition is led by a pack of domestic high performers like Cavinkare, Jyothy Labs, Ayur, Marico, Godrej, Paras and Nirma. These companies have upstaged giants with their low price, small pack product feature to push sales.

Economic reforms and globalization<sup>28</sup> of the Indian economy have brought distinct changes in Indian markets. Markets have become competitive and

---

<sup>27</sup> .SD&TR May 2002, pg. 36.

<sup>28</sup> Brochure for Advanced Data Analysis for Marketing Decisions; 1-6 September 2003, pg. 1, Prof. Jahar Saha, Indian Institute of Management, Ahmedabad, India.

diverse. As consumers have more choices, they also have become more choosier. Consequently marketing decisions have become more complex.

With all the developments in the Indian FMCG market, marketers need to come up with new strategies to counter the ever changing and demanding Indian consumer.

The Tables below shows the latest data available on Indian FMCG market-

Source: India Market Demographics Report 2002, NCAER

(National Council of Applied Economic Research)

## The FMCG Market

( All India)

Year	Market Size (Rs. Billion at 1995-96 prices)			Growth (per cent per annum)		
	Urban	Rural	Total	Urban	Rural	Total
1992-93	220.4	319.9	540.3			
1995-96	292.5	378.6	671.1	9.9	5.8	7.5
1996-97	309.1	410.5	719.6	5.7	8.4	7.2
1997-98	382.5	457.6	840	23.7	11.5	16.7
1998-99	371.3	415.5	786.8	-2.9	-9.2	-6.3
1995-99				8.3	3.2	5.4

### Contribution of Factors Affecting Change in Market Size

( per cent)

Product	Factor	1992-93 to 1995-96			1995-96 to 1998-99		
		Urban	Rural	Total	Urban	Rural	Total
Soaps	PEN	6.5	14.1	11.7	-1.9	6.4	3.6
	CONS	45.3	70.7	58.6	-50.4	20.5	-20.2
	INC	15.7	6.5	15.1	93.4	42	77
	POPLN	32.6	8.7	14.6	58.8	31.1	39.5
Creams	PEN	43	27.7	32.6	29.3	32.3	31.8
	CONS	18.6	40.3	31.8	35.1	41.3	29
	INC	25.8	23.7	27.6	26	20.8	31.7
	POPLN	12.7	8.2	8	9.7	5.7	7.4
Hair Oils	PEN	9.4	18.7	15.6	9.6	30.3	29
	CONS	31	59.8	42.1	-33.2	43.1	4.8
	INC	20.1	10.1	23.4	69.4	12.7	42.8
	POPLN	39.5	11.4	18.9	54.2	13.9	23.4
Shampoos	PEN	45.1	46.6	46.2	47.9	100.3	76.2
	CONS	14.4	34.5	21.6	36.2	-7.2	10.3
	INC	27.7	14.5	25.2	12.7	5.4	11.2
	POPLN	12.8	4.4	7	3.2	1.5	2.2
Tooth Pastes	PEN	23.9	40.6	31.5	22.7	44	35.3
	CONS	27.4	29.6	26	50.1	42.2	41.1
	INC	23.3	19.8	28.3	16.4	10	17.6
	POPLN	25.3	10	14.2	10.8	3.7	6.1

PEN : Growth in Penetration, CONS : Growth in Consumption, INC : Growth in Income, POPLN : Growth in Population.

## Total Market Size by State during 1998-99 and 1995-96

*( at 1995-96 prices)*

States	Market Size, 1998-99 (Rs.Million)			Market Size, 1995-96 (Rs.Million)			Percent Growth between 1995-96 and 1998-99		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Uttar Pradesh	40,532	75,511	116,043	32,130	68,093	100,223	8.05	3.51	5.01
Chandigarh	1,564	107	1,671	1,043	67	1,110	14.46	17.05	14.62
Delhi	26,335	1,614	27,950	19,626	879	20,505	10.3	22.47	10.88

## FMCG Product Market Growth

*( per cent per annum)*

Product	1992-93 to 1998-99	1995-96 to 1998-99	Change in Growth
Soaps	11.8	2.8	-9
Creams	18.5	15.8	-2.7
Hair oils	9.6	5.1	-4.5
Shampoos	23.6	41.1	17.5
Tooth Pastes	12.6	19.3	6.7



## CHAPTER 2

C & T Scenario

### **Cosmetics&Toiletries Scenario**

#### **Overall Review- The World Scenario:**

According to a Weekly Corporate Growth report the Global Cosmetics and Toiletries Industry is seeing a massive growth in recent years. It has several things going for it. First of all, it has been historically immune to dramatic swings in the market since it deals with items that are basic necessities for every body. It has a track record of consistently rising earnings during times of economic sluggishness. Most do not see these products as optional and they are part of the daily routine.

Industry also faces some obstacles<sup>1</sup> like that of lackluster retail sector, a growing reliance on just in time deliveries, a more value minded customers, an increase in private label products, and an ongoing struggle for shelf space that requires huge marketing support. According to them nothing grabs the attention of the consumer like genuine technological innovation and consumers are willing to pay more for the quality that is associated with a brand name. Here lies one of the main advantages that some of the companies in this industry have: the power of self-image due to a strong brand name.

In this age of technological revolution, old concepts of geographic barriers are evaporating.<sup>2</sup> The gradual globalization of economy combined with the rapid development of Internet as a communication medium have served to bring disparate areas of the globe in contact with one another in a very tangible way. For many companies, participation in a global marketplace is no longer an ideal, but becoming a necessity. Global Cosmetic Industry says the increasing fragmentation of groups, brought about by the Information Age, is

---

<sup>1</sup> Weekly corporate growth Report; 05/25/98, Issue 996, pg.9616.

<sup>2</sup> Global Cosmetic Industry; June 2000, Vol. 166, issue 6 p 22; Agos Farnando.

reducing the influence of the main steam, making it hard to identify single over arching trends. For the C& T industry a vigilant awareness of global trends is the most important element of future success.

Despite the economic slow down in US, most top global companies are seeing positive growth<sup>3</sup>. They are embarking on a common strategy of select product launches, core brand remarketing, and expansion in Asia, South Africa, Latin America and Eastern Europe to sustain and increase growth.

The global C & T market is estimated to be worth USD 175 billion. L'Oreal SA remains the global leader in cosmetics with a 16.8 percent market share in 2000, with gross sales of roughly USD 4 billion, according to Euromonitor International, a global market research firm, followed by Estee Lauder Company (10.9 percent), Proctor and Gamble Company (9.3 percent), Revlon Inc. (7.1 percent) and Avon Products Inc. (4.7 percent). Overall, the top 20 cosmetics products accounted for roughly 73 percent of the global market place. There is an exception of consumer goods conglomerate Proctor & Gamble, which sells mass merchandising brands and Japans Kanebo Limited, the leading producers are solely cosmetic producers or cosmetics and fragrances producers. The market leaders are mass merchandisers, prestige sellers or a combination of both.

Globally North America accounts for the greatest share of cosmetics sales, but Eastern Europe is expected to be the fastest growing region until 2005, according to Euromonitor. The US continues to lose sector share to premium lines. Manufactures are prone to pursue 'premium-mass' lines that narrow the gap between mass and premium products by offering more premium ingredients at reduced prices. Although premium cosmetics continue to gain

share in the US, limited growth is expected in Western Europe. Premium cosmetics in Western Europe account for 31 per cent of the market but are not expected to grow significantly due to the availability of high quality mass-market brands. In Italy, premium brands account for the greatest proportion of value sales, but premium brands dropped 3 percent in 2000 due to increase of mass-market brands. Similar is the case of France. Emerging countries in Southern Europe do not use premium brands.

In Eastern Europe mass-market brands remain the dominant purchasing choice<sup>4</sup>. This trend is same even among the more developed Eastern European countries like Hungary and Poland. As a region, Asia Pacific sells the largest amount of premium brands relative to its aggregate cosmetic sales. Forty percent of all sales there are premium brands, with the largest penetration in Hong Kong and Singapore. In China, premium brands account for 16 percent of total cosmetic sales.

Given these trends, the major global players are emphasizing core brands, select product launches and off shore expansions.

Here is a segment wise review of the C & T Industry.

#### Skin Care:

The skin care market<sup>5</sup>, comprised of facial care, hand and body care, sun care, lip care, medicated skin care, depilatories and petroleum jelly has been the fastest growing personal care market globally, valued at \$ 31.6 billion in 1999. Overall skin-care growth is sustained by the solid performance of the

---

<sup>3</sup> A Makeover of Global Proportions; Chemical Market Reporter, 12/03/2001 Vol.260 Issue 21 PFR3, Pamela Souer.

<sup>4</sup> A Makeover of Global Proportions: Chemical Market Reporter, 12/03/2001 Vol. 260, Issue 21 PFR3, Pamela Souer .

<sup>5</sup> 2000 State of the Industry; Global Cosmetic Industry, June 2000, Vol. 166, Issue 6, pg.22 Agos Fernando.

facial care and lip care categories world wide and overall growth in China where consumers are rushing to purchase products with newfound disposable income. Skin-care products have also experienced growth from increasing concern of the damaging effect of UV light and the risk of skin cancer. Eastern Europe is driving growth in global skin care with half the countries in the region experiencing double-digit growth.

- There is a rapid growth in Japan (13.7 percent) that has added more than \$890 million to the Asia Pacific Skin Care market.
- Prestige Skin-care products collectively amounted to \$ 7 billion in revenue in France, Germany, Italy, Japan, U.K. and U.S.

#### Hair Care:

Hair Care has shown the least growth of all global personal care markets over the last five years. Made up of shampoo, conditioner, styling agents, hair spray and hair colorants, hair care was valued at \$ 25 billion in 1999. Gradual declines in the Asia Pacific region contributed to overall sluggishness of the hair care market.

- North and South America are the largest market for hair care products.
- Overall market for Asia Pacific has declined. Thailand, Taiwan and India have added \$100 million in hair care sales.
- The UK is one Western European market to show strong positive growth, with a hair care market valued at \$ 1.4 billion.

#### Personal Hygiene:

Personal hygiene is defined as the combined value of bath and shower products, soaps, deodorant and body powder. The total global market value of personal hygiene is \$22.4 billion.

- There is a rapid growth in Eastern Europe, particularly in Poland and Russia.

- China and India, the two largest markets of the Asia Pacific region, along with Japan are the key movers of personal hygiene in the region.
- The UK and Italy have also been driving the regional personal hygiene market, growing annually at 6.2 percent and 8.6 percent respectively.

The increasing globalization of the world economy presents significant opportunities for consumer goods manufactures. Barriers to investment in emerging markets are dropping and disposable income in these regions is gradually increasing, bringing with it a burgeoning demand for staple consumer products.

### **The Asia Pacific:**

The cosmetic and Toiletries sector of the Asia-Pacific region<sup>6</sup> is characterized by a combination of highly sophisticated, developed markets such as Japan and Australia and those still in early stages of development, such as China and India.

The Cosmetics and Toiletries sector in the Asia Pacific region is dominated by the skin care market. The Asia Pacific region has seen some of the highest rates of economic growth in the last twenty years. These countries have shown rapid economic growth, combined with higher population growth rates than those experienced in the West making the countries known as the “Asian Tigers”, some of the most attractive in the world for foreign investment.

Demographic factors affecting the Asia Pacific Cosmetic and Toiletries sector in Asia Pacific countries have youthful populations in comparison with European countries. The Filipino, Indonesian and Malaysian populations, all

---

<sup>6</sup> The Sleeping Giant Awakes; Soap, Perfumery & Cosmetics, May 97, Vol. 70, Issue 5, pg.23

have over a third of the total in the 0-14 age group. In contrast, Japan is at the other end of the spectrum, with almost a fifth of the population in the over 60 age group. The age profile of consumers has a profound effect not only on the current target audience but also on the potential for and the nature of future expansion of cosmetics and toiletries market. Asia is not made up of a largely homogeneous consumer group. Countries in the region are at varying stages of development and prosperity.

Data monitor has found from interview<sup>7</sup> with cosmetics and toiletries executives in the region that China and India represent the strongest opportunity for major growth for consumer goods companies. These products require a highly developed retail infrastructure as well as a large affluent middle class. China and India meet both requirements, (in only a few areas). In cities such as Shanghai and Bombay there is already a vibrant market for premium cosmetics and toiletries.

However, the picture is not that rosy. The C & T industry in Asia Pacific has its set of problems over the past few years. According to a study<sup>8</sup>, the economic crisis of 1997 has hit sales hard, puncturing consumer confidence and leaving luxury goods a long way down the priorities list. However, the latest statistics indicate that the roots of recovery have taken a firm hold in Asia Pacific, with C & T Industry looking once again like on area of vast opportunity. According to Euromonitor, the C & T market for Asia pacific was worth \$ 39 billion in year 1999.

---

<sup>7</sup> State of the Industry; DCI, Sep 96, Vol.159, Issue 3, pg.24: Smith Jeffrey.

<sup>8</sup> Road to Recovery; Soap, Perfumery, Cosmetics, Nov. 2000, Vol. 73 Issue 11, pg.24.

According to Anthony Bucalo, the entire cosmetics and toiletries industry, defined as hair care, skin care, personal hygiene, fragrance and makeup was valued at 34.2 billion in 1997 in the Asia Pacific region. This value was derived from the combined markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Taiwan, Thailand and Vietnam. The entire cosmetics and toiletries market grew at a compounded annual growth rate (CAGR) of 4.6 percent, up from \$ 28.5 billion in 1993.

*Skin Care:*

Japan dominates the Asia Pacific skincare market in terms of value, with sales of \$ 6.5 billion in 1997. National Manufacturers like Pola, Shiseido, Kao and Kaneto dominate skin care sales in Japan.

Growth across most Asian countries is reduced as a result of the Thai economic difficulties experienced in the latter half of 1997 and the following economic crises of 1998 in Japan and Singapore. Almost all countries in the region were affected with most showing a decline in the growth of the skin care market.

China's skin-care market is valued at \$ 2 billion in 1997. China's economic isolation has allowed it to be insulated from economic markets elsewhere in the region to a much higher degree. Because of this isolation the Chinese market represents a good opportunity for future growth. As a result, this market shows slow and steady development.



### Personal Hygiene:

This market in Asia Pacific<sup>9</sup> has shown an amazing 7.1 percent growth rate in the year 1993-97. The market increased in value from \$ 5.8 billion to \$ 7.6 billion. This was bolstered by strong growth in the massive Indian market. Personal hygiene is the only category where India represents the largest individual national market both in terms of CAGR growth and dollar value, 16.8 percent and \$ 3 billion respectively (Global Cosmetic Industry).

### Hair Care:

Hair care is the slowest growing cosmetics and toiletries category in Asia Pacific region (Global Cosmetic Industry). From 1993 to 1997, the entire Asia Pacific market grew at a CAGR of 0.2 percent. Japan leads the region with nearly \$3 billion in sales that constitute 45 percent of Asia Pacific hair care market. Market growth was greatly impeded by negative growth rates in conditioner, hair spray, shampoo and styling agent categories.

### India:

The Indian cosmetics industry<sup>10</sup> started growing in early 1990s and is expanding exponentially with more women and men becoming conscious of their looks and willing to spend on their grooming, this industry has been growing at 20-25 percent over last few years. The enormous growth in this segment has not only attracted many MNCs but also provided space for many Indian companies to foray or expand their product range.

An ORG MARG study reveals that while most FMCG products were affected by the general slowdown, this segment witnessed relatively good growth in

---

<sup>9</sup> Global Cosmetic Industry, C& T in Pacific, Anthony Bucalo, March 1999.

<sup>10</sup> Indian Cosmetics Industry, Growth trends and prospects; SD&TR, Aug 2002, pg.14.

volume and value in 2001. The penetration rate is higher in the skin care segment.

This reflects that consumers are willing to spend more to look and feel good. According to the study the mass products constitute a major portion of the market. But a particular segment is ready to upgrade to premium category as disposable incomes rise. Increased media exposure, the willingness to spend more on personal care, consciousness about looks, and advertisements and promotions targeting various consumer segments are some reasons for these trends in consumption and penetration.

Growth trends:

	Value Growth	Volume Growth	Price Growth
Skin Creams	11%	6%	5%

Source: ORG-MARG

Figures are for the year 2000 over 1999

The players need to develop good distribution network, strong brand promotion, constant innovation and quality improvement, the ability to constant innovation and quality improvement, the ability to provide a variety of products and introduce affordable products without compromising on quality to tap the huge potential of this industry.

India has escaped much of the economic turmoil that has besieged the rest of Asia. SPC Asia reports<sup>11</sup> that the Indian Cosmetics and Toiletries market is looking forward to another century of growth, with Euromonitor forecasting

---

<sup>11</sup> Land of great promise; SPC Asia, November 1999, pg.15.

that the sector will be worth Rs.181.11 billion by the year 2003. And with 300 million consumers, the future potential is enormous.

India was shielded from the economic turmoil that engulfed most of Asia due to the policy of inward investment pursued by the government which has allowed the country to maintain its steady growth rate. The Indian government is still continuing the process of market liberalization that it began in the early 1990s.

All duties were slashed, with excise duty on cosmetics falling from 120% in 1992-93 to 30% in 1998, leading to cheaper prices for the consumer but greater challenges for domestic manufactures. Then the multinationals were allowed to enter the market, increasing the competitive environment and offering greater consumer choice.

India is a combination of developed and undeveloped markets. As with many consumer goods sectors in India, Cosmetics and Toiletries categories can be broadly divided between the organized and unorganized sectors. The unorganized sector is both unbranded and unrecorded, taking the form of cottage industry type products. There is no conventional large-scale competition between the two sectors, but ultimately the organized sector effectively replaces the unorganized sector, which is what has happened to a considerable extent in urban areas already.

Consumer goods markets are skewed towards the urban population, since wealth is also concentrated in this group. However, things are changing and companies are looking towards rural potential since most of the urban markets are getting saturated. With Indian population poised to overtake that

of China, the country is ready to become the world's largest consumer goods market.

Life style changes favor growth of the Indian cosmetics toiletries sector. A significant demographic change<sup>12</sup> has also occurred, with the breaking of social taboos in urban India. There is a noticeable increase in the number of women who have control over how their incomes are spent and this has significant implications for the cosmetics and toiletries markets. Also, a plethora of international pageant wins by Indian women has changed the market orientation. Indian beauty queens have merged as sole models and consequently girls and women have increased their spending on makeup, fitness and cosmetic surgery. The global nature of pageants has broadened the horizons for all kind of cosmetic products. A report from Brandweek says- "And beauty consciousness could not have been raised at a better time for the industry: Market Liberalization over the past decade has vastly increased consumer choice. Shoppers who were limited to two brands not long ago now enjoy an array of selections in every product category. India's \$1.5 billion beauty market is growing 20% an year, twice as fast as U.S. and European markets."

The Indian retail sector<sup>13</sup> is very fragmented, especially in rural areas. Even in cities, there are few supermarkets. The equivalent of shopping malls are primarily made of lots of small, family run stores. Door-to-door promotions are now becoming popular, as the trusted network is breaking down, with increased household mobility. Cosmetics and toiletries are mainly sold through general stores and chemists. Direct selling companies like Oriflame, Avon etc have also come to play.

---

<sup>12</sup> Brandweek: Tiara trickledown- Increased Beauty Consciousness, and Cosmetic Demand in India Oct 9, 2000.

<sup>13</sup> State of the Industry; DCI Sept. 96, Vol. 159, Issue 3, pg.24, Smith Jeffery.

According to the Indian Soaps & Toiletries Makers Association (ISTMA), in 1999 sales of Cosmetics and Toiletries in India grew by 10% in value terms. In that period, shampoo brought in sales of Rs.7.5 billion followed by hair oil with revenues of Rs.7 billion. Sales of skin care products totaled to Rs.6 billion. Toilet soaps account for the greatest sales at Rs 40 billion in value and 530,000 tones in volume. Toothpaste is also a major market and was estimated at Rs. 19 billion in 1999. Of the total sales, the mass market accounted for eighty percent.

The Indian Cosmetics Directory 2000 measures a much higher market value. It says that toiletries (talcum powder, soap, shampoo etc) are worth Rs.45 billion and skin care (face and body creams, lotions and gels) accounts for Rs.2.5 billion.

Consumer expenditure on cosmetics and toiletries<sup>14</sup> is on the increase following a surge in real disposable income and in turn has led to volume growth. Cosmetics are increasingly seen as a necessity rather than a luxury. The consumer age profile is also changing, with approximately 45% of the population below 25 years of age. The increased usage of cosmetics and toiletries is reported by industry sources to be in evidence not just among women but also among men. Indian consumers are being exposed to global trends as a result of an on going media explosion.

Rural consumers are also not behind due to broadening of education and the greater take-up of televisions and radios.

---

<sup>14</sup> Poised for Power; SPC Asia, March 2001, Issue 24, pg. 57.

According to ISTMA, the leading players are Unilever subsidiary Hindustan Lever, L'Oreal India, Procter & Gamble, Colgate Palmolive, JL Morison. Johnson & Johnson, Revlon, Oriflame and Avon also figure strongly.

A few domestic players also have a strong presence in the market. They even export to Russia and African countries. Major Indian companies include Godrej, Baccarose, Emami, Cavinkare, and Debon. Many Indian companies like Himalaya, Dabur etc specialize in herbal and ayurvedic Cosmetics and Toiletries.

A recent study<sup>15</sup> by Dr. Anjan Ray gives the sector wise analysis of Cosmetics and Toiletries Industry in the year 2001. He put the market value of total C & T Industry in India in 2001 to be worth about Rs. 135 billion (USD 2 billion) in current value terms, up by about 7% from year 2000.

### **Sector Analysis**

#### **Skin Care:**

It is a Rs 9 billion sector, and continues to be dominated by facial skin care, which accounts for nearly 75% of sales. Hindustan level dominates the area. However, local players like Ayur, Cavinkare, Emami etc have also carved a niche for themselves.

#### **Hair Care:**

This sector is estimated to be worth Rs. 22 billion and is dominated by massive traditional segment of hair oils. Market leading brands of coconut oil- Parachute, Nihar, Cococare have seen stiff competition from Dabur Amla, Bajaj etc.

---

<sup>15</sup> Modern Traditionalists: India Country Report, SPC Asia Feb. 2002, p- 25, Dr. Ray Anjan.

Hindustan lever also leads sales of the Rs. 5.1 billion shampoo market with well established brands of Sunsilk and Clinic. Pantene, Head & Shoulders from P & G also has its fair share. Domestic brands like Nyle, Ayur, Flex etc. have also given hard competition to these foreign players.

ISTMA says that the Indian market has a promising future. It is currently at the threshold, facing phenomenal opportunities to increase the low levels of product penetration. With such low penetration levels across Cosmetics and Toiletries, there is room for many brands and manufacturers to profit as consumption increases and the market itself grows. The market is evolving as consumers achieve greater spending power and can step up their purchases from basic functional products to more luxuries propositions, and from budget brands, through mass and mid- market to prestige products.

Given these conditions, India offers a big market for Cosmetic and Toiletries companies and also poses a great challenge for them to push their products, as tastes and preferences of Indian consumers are varied and the demography pretty diverse.

## CHAPTER 3

### Industry Profile



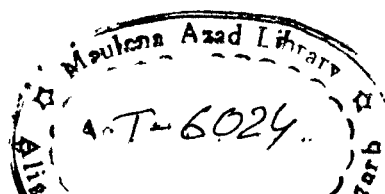
## Industry Profile

### Evolution of Cosmetics and Toiletries:

Cosmetics have been used throughout the recorded history. Some of the earliest record date back to the 1<sup>st</sup> dynasty of Egypt (C 3100 – 2907 BC). Tombs of this era have yielded ungent jars and from remains of later periods it is evident that the unguents were heavily scented. Such luxurious prepositions, as well as perfumed oils, were used extensively by both men and women to keep the skin supple and unwrinkled in the dry heat of the desert.

Cosmetics have been used to create the beauty ideal of each passing age and for centuries a daily routine of beauty care has been an accepted ritual within a social context. The use of cosmetics far from being a product of civilization originates from an inherent and primitive human need for self-decoration. As far back as 100,000 B.C. Neanderthal man is believed to have painted his body and practiced tattooing the earliest form of cosmetic mutilation, and at a later period the men of the new stone-age are thought to have decorated their bodies in a similar fashion. However, the original motivation behind pre-historic man's use of paint was quite different from that which inspired civilized cultures to adopt cosmetic artifice as a means of enhancing or creating beauty.

The word cosmetic derives from the Greek word 'Kosmein' which conveys the thought of- to decorate, to care for, to produce harmony between body and mind. The beauty of the external appearance in harmony with the mind was regarded by many in Pre-Christian Greece as being the basic requirement for a deep inner feeling of happiness.



The history of cosmetics is generally classified into four ages.

1. Primitive Society
2. The Middle East especially Egypt and Mesopotamia
3. Greece and Rome
4. The Modern Era

The primitive man painted the markings of the most powerful animals on his own skin because he believed that by representing their physical characteristics on his body he acquired some of their power. This magical strength could then be used spiritually to dominate creatures of the animal world and to impress his own kind. Body and face painting played an essential part in their ceremonies and it was used as a form of stage role within the ritual. Different patterns and color were used to define these roles and each primitive tribe developed its own design forms which varied accordingly to the ceremonial. The elaborate forms of cosmetic mutilation such as tattooing, plucking out facial and body hair, filling teeth and deliberate deformation of physical features were based on the extraordinary idea that one must suffer to be beautiful.

It is interesting fact that all the early age people accentuated the eye, giving it prominence over any other feature of the face. It has always been referred to as the mirror of a man's soul and in the ancient world was a symbol of both good and evil. It was thus logical to give it special importance in face painting.

By the middle of the 1<sup>st</sup> century AD, cosmetics were being widely used. The Romans for example, employed Kohl (as did the Egyptians) for the eyes, chalk for whitening the complexion, rouge for cheeks depilatories for hair removal and pumice for cleaning the teeth. They also used oil-based based perfumes in baths and fountains and even applied them to their weapons.

The Roman Lucian is noted to have talked about women and cosmetic in his time, referring to them polishing their teeth and eyebrows.

The ancient Greeks and Romans had a more refined approach to cosmetic arts. The Greek women used few cosmetics perhaps due to the masculine orientation of Grecian society. In many cases she used no facial makeup but if she wished to enhance her looks with cosmetics, she colored her cheeks and lips with a vegetable dye made from a root named 'Polderos'. Dyes were frequently employed to change hair color. Bathing formed an essential part of the daily toilet and aromatic oils and perfumes were also employed.

The Romans absorbed Greek ideas on cosmetic care but surpassed them in many respects. Roman ladies began their day by a detailed bath with dentifrice and depilatory creams involving a massage and rubdown with scented oils. After her bath she was served by her ornatrix, a skilled hand-maiden with a range of cosmetic paints and implements, to complete the final stage of her mistress' toilet. The dressing table was covered with elegant caskets, boxes, beautifully fashioned cosmetic jars, scissors, files, ivory curry combs and polished copper, silver and even glass hand mirrors.

Both sexes devoted several hours a day to the care of their bodies and the embellishment of their faces by cosmetic means. Roman ingenuity in design was evident in the manufacture of every form of toilet implement and beautifully fashioned containers. In their attitude to hygiene and their use of perfumery and beauty preparations, the Romans set a standard of civilized elegance which can scarcely be rivaled by any other culture.

For most of this period the history of cosmetics must be traced through the history of medicine and pharmacy. Included were activities relating to bathing,

arts of make-up and hair dressing, hair dyeing and waving, and embalming, perhaps not a practice we would readily associate with our daily beauty regime today. It was the philosopher Hypocrites, who advanced the study of dermatology and advocated correct diet, exercise, sunlight, special baths and massage as aids to good health and beauty.

Pre-Christian Anglo-Saxon grave finds show that both men and women were using a whole host of toilet accessories. Artifacts from this period include ornately carved combs, tweezers for plucking out splinters or unwanted hairs, minute metal ear scoops and personal wash-basins. Tree twigs were used to clear the teeth and perhaps chalk, like the Romans which was abundant in the south. Hands, feet and face were washed daily and the prosperous rubbed scented oils into their skin and hair soothing emollients, often compounded with herbal matter, were created in every household and were used to relieve chapping a chafing and undoubtedly to help soften the skin. Wool wax, butter or vegetable and nut oils served as a base. Colorants made from walnuts and chestnuts were used for the eyes and soft bodies fruits such as berries were used for the lips. Flowers of baptisia and wood leaves were used for blue colorants.

There is also evidence that the Vikings liked to wear make-up as the Arab traveler Ibrahim At Tartushi, who visited the Viking trading hub of Hedeby in what is now Northern Germany in 950 AD wrote- "there is also an artificial makeup for the eyes, when they use it beauty never fades, on the contrary it increases in men and women as well".

Romanized Celts adopted many cosmetic practices from their conquerors, including face whitening with chalk and white lead, rubbing tartar from teeth with pumice, coloring finger nails with a mixture of sheep's blood and fat and bleaching their hair blonde.

In the history of Middle East, the make-up of ancient Egyptians deserves special mention. The handsome Egyptians of both sexes used to ring their eyes with a dark green cosmetic or outlined with black paint, thus making their appearance more exotic. This also had a medicinal purpose. A copper substance used in the paint guarded against suppuration of the eyes due to the intense glare of the sun and acted as a preventive measure against eye diseases which were prevalent during that period. For this reason, Children as well as men and women were encouraged to use Kohl.

Apart from the eye decoration, the aristocratic Egyptian woman was very particular to the rest of her toiletries. Her cheeks and lips would have been dyed with a mixture of red ochre combined with fat or oil and in the case of rouge; a little gum resin was added as an ingredient. The palms of her hands and her finger-nails were reddened with a dye made from henna. Cleansing creams, used to preserve her skin in good condition were made from animal or vegetable oil mixed with lime of chalk and soothing ointments were compounded of fat wax and powdered lime stone. These cosmetic concoctions were always scented with crushed flowers aromatic spices and perfumes to render them pleasant use. Aristocratic men also made use of the same wide range of cosmetic materials, especially aromatic oils and ointments.

The ancient Egyptians used depilatory devices like creams, razors and pumice stones to rid their bodies and heads of hair. Both sexes shaved themselves bald and wore elaborate wigs. This was an excellent preventive measure against infection whilst maintaining a degree of comfort in the hot Middle Eastern weather.

The Egyptians are reputed to have bathed several times a day and Herodotus states that they set cleanliness above seemliness. Each bath was followed by liberal applications of perfumes and unguents. Their heads were also anointed with sweet smelling perfumes.

The neighboring Mesopotamian culture shared a basic similarity with its Egyptian counterpart in employing the use of paints and perfumes. But unlike the Egyptians, Mesopotamians of both sexes grew their hair to nearly waist length, after which it was elaborately dressed and artificially curled into extravagant styles. Beards were also tightly curled into numerous shell-like whorls and were frequently interwoven with gold thread. Both sexes dressed their locks with aromatic oils, scented them with perfume and if a variation in color was desired dyes made from cedar oil, alum and anthemis were used. Vast quantities of perfumed incense were used in ceremonials.

The similarity in their aesthetic attitude to hygiene, combined with their sophisticated use of cosmetics and perfume allows one to assess collectively the habits of these Middle Eastern civilization in regard to beauty. There is no doubt that these men and women of antiquity created an atmosphere of mystique around the toilet. Their highly developed use of face paints and perfumery set the example for a beauty routine which was followed throughout the ancient world for countries to come.

Arabs living in the desert and later, the Turks, were perhaps the first societies to recognize the value of soap and after the Turks invaded the Byzantine Empire, soap became a more widespread commodity. The crusaders found that cosmetics were widely used in the Middle East and spread their use even further. However, isolated tribes of Vikings and Celts discovered soaps

independently and in fact the Celts are credited with introducing soap to England around 1000 AD.

It was not until the C13 that soap making became more regular and developed into a viable and profitable industry. Marscilles in France emerged as the first great center of soap making and remained an important producer throughout the Middle Ages, later being rivaled by Italy and Spain. The main reason for this being the plentiful supply of olive oil and barilla (a fleshy plant whose ashes were used to make lye) in these areas. This formulation became the standard used throughout the regions and remained so right up until the nineteenth century.

During the early Middle Ages the dominance of the church kept the use of cosmetics to the minimum. Cosmetics as a specialty in and of itself began separating from medicine during the period 1200-1500. Following this, there appears to have been a separation again into two branches of cosmetics: those used for routine beautification of the skin and those used for the correction of cosmetic disorders of the skin, hair, nails and teeth. Noble ladies who wished to achieve the fashionable pale complexion applied white powder and water soluble paint. Some even used leeches to drain the blood from their cheeks, which no doubt served a dual function as even the least attractive of the male species could be guaranteed a swoon at some point in the evening. Lipstick and rouge were reserved for women of bad character, whilst some rich C 13 Italian women wore pink lipstick to show that they could afford synthetic make-up.

In the fifteenth to seventeenth centuries, cosmetic literature was limited to the 'books of secrets' devoted not only to bodily embellishment but also to medicine. The first Pharmacopoeia of London, published in 1618, showed

that the pharmacists had all the necessary equipment and skill to make and sell cosmetic products, but the increasingly stringent regulations governing their work kept most of them exclusively occupied with the compounding of medications.

During the Italian Renaissance, women wore lead paint on their faces. The damage inflicted by the lead was unintentional- however arsenic face powder certainly was not: Aqua Toffana, named after creator Signora Toffana, was a face powder designed for women from rich families. The container directed women to visit the signora for proper usage instructions. During the visit, women would be instructed never to ingest the make-up, but to apply it to their cheeks when their husbands were around. Six hundred dead husbands (and many wealthy widows) later, Toffana was executed.

By the reign of Elizabeth I of England, cosmetics were everywhere and everyone was enthusiastically joining in the fun. Popular beauty treatments included rosemary water for the hair, elder flower ointment for the skin, sage to whiten teeth, bathing in wine, an egg and honey mask to smooth away wrinkles and geranium petal rouge. Other, more dangerous concoctions included the by now obligatory white lead for the face, but also rouge made from mercuric sulphide, mercury sublimate for removing blemishes and a hair dye of lead, sulphur, quicklime and water designed to match the queen's natural red. Preparations such as these undoubtedly set the wheels in motion for the development of less fatal cosmetic products.

They also serve as a reminder of the extraordinary lengths human beings will go to in the pursuit of beauty, and though we may scoff at their apparent lunacy, one only has to look to the surgical cosmetic practices of today's rich and famous to see that nothing has changed.



### **Indian C&T Industry- A Review:**

Items chosen in our study fall under the category of Cosmetics and Toiletries. But for all practical purposes, these items are considered to be in different categories in Indian business and Industry. Therefore we analyze the Indian Industry, putting it in two different categories, as if they are separate industries-

1. Toiletries and Personal Care
2. Cosmetics

The first category includes Soaps, Hair-Oils, Shampoos and Tooth-Pastes.

While the second category includes Creams (Face).

### **Personal Care and Toiletries:**

This industry does not enjoy the status or standing it deserves. One indication of this is that it still continues as a part of the soaps and toiletries industry and manufacturers in the organized sector of the industry are members of the Indian Soap and Toiletries Makers' Association (ISTMA). ISTMA is the key body representing the soap, detergent, toiletries, cosmetics and perfume manufacturers in the country.

There are about 33 units in the organized sector which according to ISTMA Directory of Members 2000-2001, are divided into four zones as follows- eight in North, six in South, four in East and fifteen in West. The important ones of them are Hindustan Lever Limited, Colgate-Palmolive India Limited, Geoffrey Manners, Godrej Soaps Limited, Lakme Lever Limited, Proctor & Gamble Hygiene and Health Care Limited etc. There are a large number of units in the unorganized sector.

These products are all demand-elastic and sensitive to price. Excise duties take its toll on their pricing and ultimately companies have to pass it on to the consumers, making a dent in the sales. Higher excise also means a consequent cascading effect on other taxes such as sales tax, leading consumers to pay more for these products. ISTMA has always lobbied to lower the government excise on these products. It argues that excise reductions in these price sensitive categories have always led to a spurt in demand and consequent greater excise realizations. It points out that over a period<sup>1</sup> from 1993-94, excise on these categories has been reduced from 120%, leading to category growth of 30% an year. However year 2000 budget pegged excise on these categories at 32%, resulting in category growth slipping to 15% and again a lower rate of increase in excise revenue collection. ISTMA points out that excise revenues grew at an average rate of 53% an year over a five year period from 1993-94 to 1998-99, when the duty rates were slashed from 70% to 30%. On the other hand, average revenue collection growth rates had reduced to just 9% an year over the past two years when the duty rate was stagnant at 32%. Now, the government is again getting soft on this sector, the demand is expected to pick-up to contribute more to excise revenue realizations.

It is a proven fact that ever since the excise duties on cosmetics and toiletries were brought down<sup>2</sup> dramatically from a high of 120% in 1993 to 70% and then to 40% and 30% subsequently, the prices have also dropped. As a result, it was more accessible to the consumers, and this in turn saw a growth in revenue generation.

---

<sup>1</sup> Budget: Blues or Boost? The Hindu Business Line, Thursday, 7 March 2002, Vinay Kamath.

<sup>2</sup> Cosmetics, Toiletries to Cost More; Economic Times, 2 July 1997, pg-1.

Excise duty on toilet soaps and detergents is currently 16%. The industry has grown at a low 2-3%. Cosmetic and toilet preparations attract an excise duty of 30% (basic rate 24%+6% additional duty). Products such as talc, oils, creams are product of mass consumption and do not merit a demerit rate. The industry has represented for a reduction in duty to 6%. The past experience of the industry has been that a gradual reduction of duties from the high levels of 125% to 50% has helped the industry grow by over 75% during the period. The industry has therefore urged for further reduction in duties, which will help in growing volumes as well as revenues to the government.

Another important aspect is the low per capita consumption of these products in our country. Experience in other countries has shown that with a rise in per capita income, there is an increase in the demand for cosmetic products. In India too, with growing urbanization, increasing disposable incomes, improvement in standard of living and the emergence of women in many sphere of activities, there is a growth in demand for these products and the industry is expected to grow sharply.

### **Soaps:**

Indian toilet soaps industry<sup>3</sup> is estimated at Rs 4,800 crore. To gain a competitive edge, Indian companies are now relaunching their brands with value additions to woo consumers across the nation. For instance, Hindustan Lever Limited (HLL) has recently relaunched a host of toilet soap brands which include Lux, Breeze and Liril, with value additions. It is also coming up with an ayurvedic variant 'Ayush'.

---

<sup>3</sup> SD&TR, July 2002, pg. 22.

In India toilet soap market is very fragmented. This had led companies to go for launches and relaunches. For past two years, the toilet soaps market is stagnating at a poor two-three percent growth rate. So, in an effort to rejuvenate the market Indian marketers and manufacturers are relaunching their brands with value additions.

Godrej is yet another leading player in the Indian toilet soaps industry. To meet the growing needs of consumers, Godrej has relaunched 'Cinthol' with the added benefit of a deodorant. In the organized Indian toilet soaps market, major players are HLL, Godrej Consumer Products Limited, Colgate Palmolive Limited and Wipro Consumer Care.

An overview of the Indian Toilet Soaps market is given here:

<b>All India Toilet Soap market:</b> (By volume in tonnes July-September 2001)	
Lifebuoy for Health	20,444.30
Breeze	13,473.50
Lux Rich & Nourishing	8,234.60
Nima	7,817.80
Nirma Beauty	7,117.00
Rexona	5,469.20
Lux	5,300.70
Hamam	4,710.40
Santoor	3,847.30
Lifebuoy Active	3,555.00
Midimix	2,625.30
Dettol Soap	1,952.10
Lifebuoy Plus	1,758.80
Liril	1,702.30
Lifebuoy Gold	1,641.60
Breeze New Perfume	1,582.00
Nirma	1,523.50
Margo	1,502.40
Jai	1,378.40
Cinthol Fresh	1,292.00
Nirma Healthy Both	1,127.20
Godrej No. 1	1,113.10
Mysore Sandal	1,034.00
Pears	964.60
Lux Intt. Skin Care	925.30

(SD & TR, May 2002, pg. 19)

**Creams:**

For players and target customers, the market for cosmetics has been through a long transition and several stages of evolution. Multinationals woke up early to the Indian opportunity and entered the market in the mid 1990s. Despite some initial difficulty, they have learnt the tricks of the trade and are now fighting tooth and nail with established Indian players. In terms of product profile, the herbal wave and renewed focus on cosmetics for men have been the two predominant trends in the past decade.

**Herbal Wave:**

Over the past couple of years<sup>4</sup>, the herbal wave has been sweeping the skin care segment. Thus Rs.300 crore segment is perceived to be the fastest growing according to SD&TR. A slew of companies launched herbal skin-care products. Players such as Shahnaz Husain have been in this segment for quite some time. With the drawing of the potential of this segment, players such as Biotique and Lotus Herbals, which operate in the premium segment, have become more prominent. Existing players too have expanded their range to include herbal variants. For instance, Hindustan lever recently introduced the herbal version of its popular Fair&Lovely brand.

The belief that cosmetics are harmful to the skin and increased awareness among consumers of herbal products triggered the demand for natural products rather than chemical based cosmetics.

---

<sup>4</sup> SD&TR, Aug 2002, pg.15.

### Health Care Companies Make Entry:

This trend has attracted a host of new entrants, including health care companies such as Himalaya Drugs (with its Ayurvedic Concepts range), Dabur and Dr. Morepan.

### Targeting Men:

The cosmetic industry traditionally believed to target women is expanding its horizon. Many players are coming up with skin care products for men. The men's personal care segment is estimated to be worth Rs.790 crores, with Gillette having large share of pie. Others including Godrej, HLL and Cavinkare also have a presence in the market. The growing demand for men's cosmetics inspired cosmetics majors such as Modicare and Amway to launch new products in the skin-care segment. Modicare is coming out with its 'Velocity' range while Amway has launched its men range in the Indian markets.

### The Market Now:

According to Business Line<sup>5</sup>, the Indian cosmetics industry has considerable growth potential. Of the estimated Rs.3000 crore cosmetics and toiletries industry, the market size of skin-care segment is estimated at Rs.1200 crores. Fairness creams account for around 60 percent of the skin-care business at around Rs.700 crores. This segment has some of the big players like Hindustan Lever (Fair&Lovely) with a massive 53 percent market share, followed by Cavinkare (Fairever) with over 12 percent share and Godrej (Fair Glow) with a 3.4 percent share. Other players such as Emami (Gold Turmeric and Natural Fair), Revlon (Fair&Glow) also have presence in this market. Specialty creams such as sunscreen lotions, moisturizers, toners, cleansing

---

<sup>5</sup> Businessline.com

lotions, under eye dark circle removing creams and cold creams contribute the rest.

#### Market Segmentation for Fairness creams:

Sales Value (Rs.Crores)			
	Aug'00-July'01	Aug'99-July'00	Growth (%)
All India	711.33	619.82	14.76
North Zone	185.56	164.32	12.93
East Zone	129.92	106.02	22.54
West Zone	163.73	145.83	12.27
South Zone	232.13	203.65	13.98
Metro	135.3	118.5	14.17

(SD & TR Aug, 2002, pg.15)

#### Hair-Oils:

The hair care market is estimated<sup>6</sup> at Rs.26 billion. The relative shares of various products are as follows:

Segment	Size(Rs.Billion)
Branded Coconut Oil	8.2
Unbranded Coconut oil	6.0
Value added hair oil	4.2
Shampoo	5.1
Hair soap	1.0
Dye/hair color	0.7
Herbal remedies	0.1
Creams/Gels	0.3

SD&TR, January 2002, pg.6.

Hair oiling is an age-old traditional habit of Indians. Hair-oil is perceived to provide benefits of nourishment, strengthening hairs, faster and better growth and reducing the problem of falling hair. It also has a cosmetic appeal in terms of hair styling, as hair remain straight, soft and shining after applying oil. Hair-oil is primarily used as a pre-wash nourisher. Some people also use hair-oil after bath as a conditioner.

<sup>6</sup> SD&TR, January 2002, pg.6.

The coconut hair oil market<sup>7</sup> is currently estimated at Rs.14 billion, 60% of which is sold in branded form. The branded hair oil market is estimated at 70,000 ton. The market has been growing at around 3-4% in volume terms and 6-7% p.a. in value terms. During the last few years, several product variants, such as non-sticky hair-oil, value-added hair-oil, etc. have made inroads into the market. These variants are growing at a much faster pace, compared to the pure coconut hair-oil segment. The market for these products is estimated at Rs.4.25 billion and is growing at 20-25%p.a.

Segment	Size
Amla/Herbal-Oil	Rs.2 bn.
Non-Sticky Hair-Oil	Rs.1 bn.
Value-Added Coconut-Oil	Rs.800 mn.
Problem Solution Oils	Rs.450 mn.

Branding in coconut oil market<sup>8</sup> was initiated by Marico, with its Parachute brand. Several other brands followed. The leading ones today are Shalimar, Cococare, TataNihar, Cocoraj etc. Parachute is the market leader with 54% market share in the organized branded pure coconut oil market. Tata Nihar has about 10% market share in the coconut oil segment.

The first value added hair-oil in the Indian market was introduced by Dabur. Its green perfumed hair-oil Dabur Amla added Amla, a rich natural source of vitamin C, to hair-oil. Hair oil brands containing amla is a Rs.2 billion market led by Dabur Amla brand, which has an annual sales turnover of over Rs.1 billion. Other major players are Brahmi Amla oil of Bajaj seva ashram and Keshnikhar. Dabur launched Dabur Vatika with herbal ingredients in early 1995. HLL's Clinic-Plus is other leading brand in this segment. Both the brands have an estimated 40% market share each in the Rs.800 million value

<sup>7</sup> IndiaInfoline.com

<sup>8</sup> Decision: Paradoxes of Market Share; Jan-June 2002, pg.39-46, Bhatia, Bawa, Anupam.



added coconut oil market. Marico's Parachute-Lite, launched in 1997 has garnered 8-6% market share in the segment. Marico has recently launched a new variant-Parachute Lite Perfumed with Jasmine fragrance. Other brands in the segment are Shalimar Perfumed Hair Oil, which has a strong presence in the Eastern market for its peculiar aroma liked by Bengali consumers and Canthradin is yet another popular eastern brand.

Another popular segment is the non-sticky hair-oil segment. This segment is estimated to be a Rs.1 billion market. Dey Chemical's Keo-Karpin is the market leader with 56% market share. Marico's Hair&Care, a late entrant, has garnered 28% market share in this segment.

Besides these hair oils, there are also brands for specific problem solving such as falling hair, dandruff, etc. Keo-Karpin Hair vitalizer is a water-based formulation and is prescribed by doctors for checking hair fall. Anoop (Godrej) is a leading brand, which claims to check balding and stimulate hair growth. HLL has launched Clinic All-Clear anti-dandruff hair-oil as a remedy for dandruff.

### **Shampoos:**

The Indian shampoo<sup>9</sup> market is estimated at 25,000 tons valued at Rs.5 billion. Historically, growth was stunted by exorbitant excise duties. During the last 6 years, excise duty rates have been slashed from 120% to 30%. This has led to explosive growth in the market. A few years ago the shampoo market was dominated by the three MNC's-HLL, Colgate and P&G. Several other small players, catered mainly to the regional markets. In early 96 all the

---

<sup>9</sup> SD&TR, August 1999, pg.32-37.

three players launched three new brands Pantene (P&G), Organics (HLL) and Optima (Colgate). Media spend went up by 3 times.

HLL has managed to maintain its leadership in the shampoo segment with greater focus on Clinic and Sunsilk brands and launch of various brands. It has also extended the Lux franchise by launching a mid-priced shampoo under the same brand. Nirma, a local player also entered the market in early 1997, with a strategy to offer value to consumers at a low price. Several other players have entered the fray like Garnier Laboratories with its Ultra-Doux brand, Dabur with its Vatika Henna conditioning shampoo positioned on the herbal platform, Himalaya with its Ayurvedic Concepts.

In 1997 growth was driven by a spate of launches in the anti-dandruff segment. Almost 40% of population in the country suffer from dandruff problems. There were a few brands like Abbott laboratory's Selsun, HLL's Clinic Active which offered solution for dandruff. However these brands were not aggressively promoted and held a small market. Head & Shoulders, P&G's leading global brand with twin positioning of anti-dandruff and great looking hair was launched in July'97. Head & Shoulders has acquired a 6% market share in the shampoo market. Responding to the Head & Shoulders launch, HLL relaunched Clinic All Clear, the existing leading brand in this segment. Also encouraged by the success of Head & Shoulders and with a view to extend the Pantene brand franchise, P&G launched Pantene Pro-V Anti-dandruff with Pro Vitamin B5 in November'97. P&G has also launched Head & Shoulders with menthol. Other brands with anti-dandruff variants are Optima (Colgate-Palmolive), Ultra Doux (Laboratories Garnier) and Organic (HLL). In '97 the market grew by 40% driven mainly by the launches in the anti-dandruff segment. While the market growth has tapered down to 15-20% p.a., the category holds vast potential, as penetration levels are still very low.

The introduction of sachets enabled significant expansion of the market by making shampoos affordable to a large part of the population. The relative share of sachet versus bottles has increased significantly in the last 8 years. HLL, the market leader, today sells almost 70% of its shampoos in sachets.

#### Herbal Shampoos:

Nyle and Ayur, are two leading<sup>10</sup> herbal brands, which cater to the economy segment of the herbal shampoo market. While the premium segment is dominated by Biotique, Shahnaz, etc. Dabur, leveraging upon the brand equity of its Vatika brand in the hair-care segment launched Dabur Vatika Henna Conditioning Shampoo targeted at the non-synthetic, herbal shampoo user. Dabur has launched its brand in the mid priced segment where the only player is Ultra-Doux.

Currently, HLL dominates the shampoo market with 63% market share contributed by its four brands Clinic, Sunsilk, Organics and Lux. Market shares of the various HLL brands are estimated at Clinic-40%, Sunsilk-17%, Lux-4% and Organic-2%. HLL, the dominant player has cost advantage due to local sourcing and scale economies in promotion and distribution. Besides, several brand variants launched under the umbrella brands Clinic and Sunsilk have helped in expanding the market.

P&G is the closest competitor with about 12% market share, represented by Pantene Pro-V, Pantene Anti-dandruff and Head & Shoulders. Globally, P&G is the market leader in shampoos. However it has higher cost of production as it imports significant part of key raw materials. Besides, its premium pricing restricts growth in the price sensitive Indian market. Colgate has been unable

---

<sup>10</sup> SD&TR, October2002. pg 17-18

to create a significant market and has around 3% share represented by Optima.

The other leading national shampoo brands are Ayur Ltd's Ayur (8% market share), Beauty Cosmetic's Nyle (7%) and Chik (3%) brands and Laboratories Garner's Ultra-Doux (1%) etc. Besides there are local brands which are available at a significant discount and compete with sachets on price front, as also premium brands like Shahnaz, etc which are available at select outlets. A recent entrant in the herbal segment is Himalaya Drug company with its Ayurvedic Concepts brand in the anti-dandruff segment.

### Tooth Pastes:

According to Business line<sup>11</sup>, the tooth-paste market is estimated to be Rs.2,200 crores (the largest oral care segment) and grew a robust 10% in value in 2000. The market for tooth-pastes shrank by around 5.7% in value. In volumes terms it was much higher at 11%, in the first six months of 2002. It is the increase in selling prices (see table), which kept the value growth for so long.

	Qty.(grams)	MRP.	MRP.	Increase
		May'99(Rs)	Aug'02(Rs)	(%)
Colgate Gel Red	150	36	47	30
Colgate Dental Cream	50	13	16	24
	150	30	42	42
Close-Up Red	200	42	61	45
	100	27	35	30
	150	37	50	37
Pepsodent	100	24	30	28
Aquafresh	100	28	33	18
	150	38	48	28
Vicco Vajradanti	200	61	90	47
Promise	200	33	37	12

<sup>11</sup> The Hindu Business Line, Sunday, August 18, 2002.

Forhans	200	40	48	20
Meswak	200	36	52	44
Neem *	200	-	44	-
Cibaca Top*	200	-	30	-
Anchor*	200	-	49	-
*Brands Launched after 1999				

Around 32% of tooth-paste demand comes from rural areas, with 68% originating from the urban areas. Rs.500crore tooth powder market depends almost entirely on rural demand. HLL has presence mainly in the toothpaste and tooth-brush markets. Colgate has a significant presence in tooth-powder as well. Therefore, it has a larger exposure to the rural market.

The shrinking market size has spurred the two largest players in the market into frenetic activity to pep up growth rates. The players trained their guns on enhancing the penetration level, that is, bringing new users into the tooth-paste segment. Both Colgate and HLL increased their rural distribution network and refocused on low unit packs (smaller packs of tooth-pastes at affordable prices). These companies also persuaded the existing consumers to use more of the product.

'Below-the-line' promotions have held the center stage in the oral-care market and portfolio rationalization has kept launches to a minimum. But marketers have milked their existing brands through periodic relaunches. For instance, HLL has tried to rejuvenate the close up franchise through the launch of Close-Up Tingly-Red and Eucalyptus-Waves variant. Even some of the more successful brands have seen periodic makeovers. Colgate has relaunched its Blue-Gel variant as Fresh-Energy Gel in a transparent tube. Even the new entrant Colgate-Herbal is relaunched with a new formulation. Colgate claims that Fresh-Energy Gel has seen its market share climb from 4% to 5.7% after its relaunch, while HLL says it has beaten the shrinking market to grow by 5.2% in the first half of 2002.

**Indian Oral Care Industry:**

According to India Infoline study<sup>12</sup>, average all India per capita consumption of tooth-paste is a dismal 82 gms. Many people in India still clean their teeth with traditional products like neem twigs, salt, ash, tobacco or other herbal ingredients.

Study further states that less than 15% of the Indian tooth-paste users brush twice a day. The tooth-paste market grew at a CAGR of 7.8% between 1995-2000. But in 2001 the market grew by only 4%. Colgate and Hindustan Lever together account for over 85% of the organized tooth-paste market. In tooth-powders, Colgate and Dabur are the leading players sharing between them 75% of the market.

Hindustan Lever Limited is the biggest producer in the country manufacturing soaps, detergents and toilet preparations. There are scores of other well-established companies in the market, vying for the all-important 'shelf space'. The Indian market is growing in the true sense. Given below are the company profiles of some dominant players in the market.

**Company Profiles:****Hindustan Lever Limited:**

Hindustan Lever Limited, 51.6% subsidiary of Unilever Plc, is the largest FMCG company in the country, with a turnover of Rs118bn. The company's business sprawls from personal and household care products to foods, beverages and specialty chemicals. The company has a dominating market share in most categories that it operates in such as toilet soaps, detergents,

---

<sup>12</sup> India Infoline Sector Studies, Feb 2002.

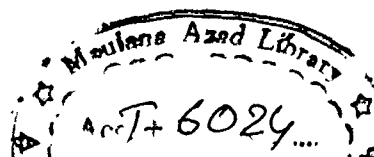
skincare, hair care, color cosmetics, etc. It is also the leading player in food products such as packaged tea, coffee, ice cream and other culinary products.

The fast moving consumer goods business is characterized by two pillars - strong brand equity and a wide distribution network. Brand equities are built over a period of time by technological innovations, consistent high quality, aggressive advertising and marketing. Availability near the consumer through a wide distribution network is another crucial success factor, as products are of small value, frequently purchased, daily use items. HLL is strong on both these fronts with leading brands which are market leaders in their respective categories and a 1mn strong direct retail reach.

Competitive position:

HLL is the market leader in the detergent and toilet soap industry with market share of 60% and 40% respectively. Nirma is a close competitor in detergents and has been slowly gaining ground in toilet soaps too. The other significant competitor in detergents is P&G. In oral care segment, HLL has emerged as a strong No 2 player with 36% market share. In the hair care segment, HLL dominates the shampoo market with a 64.5% share and is the No 2 player in hair oils. HLL has a 54% market share in skin creams. In the foods business, Tata Tea in packet tea, Nestle in coffee and culinary products, GCMF (Amul) in ice creams, and Godrej Pillsbury in staple food are the main competitors.

HLL grew at a fast pace in the mid 90's driven by its aggressive acquisition spree. From a Rs38bn turnover (contributed 70% by soaps, detergents and personal products), HLL's turnover has now grown to Rs118bn, with soaps and personal products contributing 57% of turnover and beverages and food



products contributing to 29% of turnover. Growth during the last few years has largely been driven by the personal products business. However the pace of growth has slackened significantly in the last two years with several key segments registering a degrowth in 2001. In 2001, soaps business (Rs21bn) de-grew by 1% and detergent sales (Rs20bn) grew by 7%. Other personal products (household care, oral care, skin care, hair care, color cosmetics) registered a 14% yoy growth to Rs24.6bn.

Expansion of the foods business, which has been identified as a major growth area, has not been as fast as anticipated. Beverage sales moved largely with commodity price trends, which have remained on a downtrend. Branded tea business degrew by 10% in F12/01 to Rs16bn, while the Rs3bn coffee business registered a 7% yoy growth. Icecream business has failed to takeoff registering a 3% degrowth. The staple food business, once considered a high potential growth area witnessed a decline of 10% yoy to Rs2.4bn. Profitable growth has been the new mantra of the FMCG major's says Chairman, M S Banga., who took over the reins from Keki Dadiseth 2 years ago. In contrast to Dadiseth's strategy of expansion through acquisition, Mr Banga's strategy revolves around rationalization. A focus on 30 power brands, which are major contributors to profitability, seeking new avenues of expanding distribution reach, improving profitability of foods businesses have been the thrust areas.

Non-FMCG businesses are either being hived off or are being strengthened by partnerships with players who have the technological expertise in those businesses. The strategy has paid results with profits registering a 24% yoy growth in 2001, despite a flat topline growth.



**Colgate Palmolive:**

Colgate Palmolive India Ltd is a 51% subsidiary of Colgate Palmolive Company, USA. It is the market leader in the Indian oral care market, with a 51% market share in the toothpaste segment, 48% market share in the toothpowder market and a 30% share in the toothbrush market. The company also has a presence in the premium toilet soap segment and in shaving products, which are sold under the Palmolive brand. Other well known consumer brands include Charmis skin cream and Axion dish wash. Colgate has faced intense competition during the last 5 years initially from the no. 2 player HLL and more recently from small local players (Meswak, Babool, Anchor) and other MNC's such as Smithkline (Acquafresh).

The company has been fighting back through new launches and revitalization of flagship brand CDC. It has succeeded in stemming the market share erosion and is now focused on regaining its lost market share. In FY01, the company launched 2 new brands Colgate Herbal and Colgate Cibaca Top, which have been well received and have enabled the company to gain market share. Both these brands have contributed to a combined market share of 7%, although a part of the gains have come through cannibalization of flagship brand CDC. The effort to protect and improve market share has impacted the company's profitability. Operating margin has dipped sharply in the last 5 years in direct congruence with successive hikes in adspends. The company reinvested 19% of its turnover (Rs2.1bn) into advertising in FY01. The high adspend is expected to be maintained in FY02 also.

The company has relaunched its gel toothpaste Colgate Everfresh with an aggressive 'Talk to Me' campaign with a view to revive growth in the stagnant segment. Colgate has not been able to achieve any significant success in

expanding its non-oral care portfolio. The Palmolive soap brand was relaunched last year in new transparent skin care variants with innovative see through packaging. Market share in other categories such as shaving products, skin creams and shampoo has remained negligible.

The company's strategy is to focus on growing volumes by improving penetration through aggressive campaigning and consumer promotions. The company plans to launch new products in oral and personal care segments and is prepared to continue spending on advertising and marketing to gain market share. Margin gains are being targeted through efficient supply chain management and bringing down cost of operations. A substantial increase in profitability can be brought about through adspend reduction.

### **Procter & Gamble:**

PGHP, 65% subsidiary of P&G USA (P&G), is mainly engaged in the businesses of health care and feminine hygiene. The parent has identified anti-cold products (Vicks range) and feminine sanitary products (Whisper) as the focus area for its listed Indian subsidiary. The company also manufactures detergent for the parent's 100% subsidiary, Procter & Gamble Home Products (PGHP). Other businesses include men's toiletries and skin care products. Vicks is the dominant leader in the anti cold OTC segment. Main competition is from domestic local brands like Amrutanjan, Zandu, etc in rubs and balms and from MNC brands such as Halls, Strepsils in cough lozenges segment. A recent entrant Paras Products has been giving stiff competition to Vicks Vaporub, by aggressive advertising and competitive pricing of its products. Sale of Vicks 500 range was also adversely affected by a surge in counterfeit products. The company has been able to stem

counterfeit sales through new packaging and joint industry efforts in controlling sale of fakes through Brand Protection Committee.

The Organization 2005 plan, the global restructure of operations undertaken by the parent has globally consolidated manufacture of products to specific regions. Shampoo manufacturing by PGHH (around 10% of turnover in F6/99 and 15% of turnover in the preceding two previous years) was discontinued wef H2 F6/2000. This has negatively impacted the company's turnover in the first half of F6/01. India has been identified, as the manufacturing base for Vicks Vaporub for supply to P&G's other Asian markets. Export revenue from healthcare products was expected to rise due to the restructuring. However exports in F6/01 declined by 17% yoy to Rs283mn, mainly due to lower imports by Philippines, a key market for Vicks Vaporub.

The parent, Procter & Gamble, USA operates in India through three entities. 65% subsidiary - Procter & Gamble Hygiene & Healthcare.

Home Products (PGHP) is focused on the Detergent (Ariel, Tide), Hair Care (Pantene, Head & Shoulders), Baby care (Pampers) and Snack Food (Pringles) business. Distribution of products is carried out by another subsidiary Procter & Gamble Distribution Company, which is jointly owned by PGHH and PGHP. The management is highly opaque and does not share any of its growth plans or strategic decisions. The company declared a whopping 400% dividend in F6/99 and in F6/01, the largest beneficiary of which besides the small investors has been the parent company. Also venture into new product segments, where P&G has a technology edge (shampoos, detergents, toothpaste) are undertaken through the 100% subsidiary PGHP.

**Godrej:**

Godrej Consumer Products Ltd. (GCPL) was formed w.e.f. April 1, 2001 with the demerger of the consumer business of the erstwhile Godrej Soaps Ltd. GCPL has emerged as a focussed FMCG company. Its main product lines now consist of toilet soaps, liquid detergent, cosmetics such as hair care, fairness creams, etc and men's toiletries.

The company also undertakes contract manufacturing of toilet soap for third parties. All interests of the erstwhile Godrej Soaps in other businesses such as industrial chemicals, medical diagnostics and financial investments continued to remain in the existing entity, post demerger and the company has been renamed Godrej Industries Ltd (GIL). The equity capital of the company was reorganized to give effect to the merger. Each Godrej Soap shareholder of Rs10 face value received 1 share of GIL of Rs6/- face value and 1 share in GCPL of Rs4/- face value. Post demerger the equity capital of Godrej Consumer stands at Rs239.3mn, while that of Godrej Industries is Rs358.5mn.

The market for consumer goods like toilet soap and liquid detergents has been growing at 5-6% pa. HLL, Nirma, P&G, Henkel Spic and GCPL are the main players in the segment. The hair color market was mainly restricted to hair dyes in India until 2 years ago and GCPL has a dominant market share of 80% in this category. In the last two years, several MNC players such as L'Oreal, Wella, etc have ventured into the market, driving up growth rates. GCPL and HLL are among the two domestic players who have also launched hair color products in the mid and lower priced segments to compete with the premium international brands.

In FY01, Godrej's consumer business registered a 22% yoy growth to Rs4.68bn. Godrej Brands registered 25% growth, while manufacture of non Godrej brands registered a nominal 7%yoy growth. The growth was largely driven by a 32.5% yoy growth in the hair color business and a much better than industry growth of 17% in the toilet soap business. New launches in the toilet soap as well as hair color businesses aided this growth. The detergent business also grew by a strong 26% yoy.

### **Dabur:**

Dabur India is into business of manufacturing and selling of ayurvedic medicines, ayurvedic, natural and herbal personal & health products and processed foods either directly or indirectly through its subsidiaries. The company is among top FMCG companies in the country. Its presence in Indian market is for past 115years. Most of its ayurvedic/OTC brands are the market leaders in their respective segments.

Dabur has developed considerable expertise in these traditional areas and has well understood the consumer preferences for the traditional ayurvedic remedial measures. The company hitherto had been a family run business but with increasing competition the company has undertaken massive restructuring over past 2 years and has exited from a number of low margin businesses. The company has hived off its foods business into a 100% subsidiary. In FY00 the company sold off its entire stake in Excelsia JV with Nestle for manufacturing biscuits for a nominal value of Rs10. The company has also decided to wind up its finance businesses.

Though the company exited from beauty products business but with increasing market size and higher margins the company has revived its

interests in reentering the business. The company recently decided to venture into Insurance sector in a tie up with Allstate.

In Q1 FY01 the company's sales grew 6.1% yoy growth to Rs2.5bn. On a comparable basis (i.e. excluding sales from foods business) yoy growth in sales would have been higher at 10%. Operating profit margin excluding other income has recorded a 0.7% point gain from 6.5% to 7.2% mainly aided by lower raw material cost. Net profit in the previous corresponding quarter was inflated due to a non-recurring income of Rs211mn from sale of stake in confectionery joint venture General de Confeteria (now Joyco India). Adjusted net profit after including this non-recurring income therefore displays a 73% yoy decline to Rs72mn.

**Statistical Data:**

HLL					
CAPACITY					
Product/s					
manufactured/traded	Dec-98	Dec-99	Dec-00	Dec-01	Dec-02
Personal Products	34973	35543	69530	73959	73959
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Soaps	225699	227866	246532	213594	213594
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
PRODUCTION					
Product/s					
manufactured/traded	Dec-98	Dec-99	Dec-00	Dec-01	Dec-02
Personal Products	1287692	1471931	1138229	1293044	2202565
	'000 nos	'000 nos	'000 nos	'000 nos	'000 nos
Soaps	284902	312812	305085	316803	358249
	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Utilization					
Soaps	126.23	137.28	123.75	148.32	167.72

Source: Centre for Monitoring Indian Economy

<b>Colgate-Palmolive (India) Ltd.</b>				
Product/s manufactured/traded	Capacity /Units	Production qty /Units	Sales qty /Units	Sales value Rs. Crore
Soaps, Cosmetics & Toilet Preparations	Mar-02 23265 Tonnes	21851 Tonnes	8142.83 Lakh nos	1068.23
Trends in capacity (products) Colgate-Palmolive (India) Ltd. Product/s manufactured/traded	Mar-98 Tonnes	Mar-99 Tonnes		
Toilet Soap	20000 Tonnes	20000 Tonnes		
Trends in production (products) Colgate-Palmolive (India) Ltd. Product/s manufactured/traded	Mar-98 Tonnes	Mar-99 Tonnes		
Soaps, Cosmetics & Toilet Preparations	29549 Tonnes	20693 Tonnes		
Toilet Soap	6842 Tonnes	5723 Tonnes		
Trends in capacity utilisation (%) (products) Colgate-Palmolive (India) Ltd. Product/s manufactured/traded	Mar-98	Mar-99		
Soaps, Cosmetics & Toilet Preparations	127.01	88.94		
Toilet Soap	34.21	28.61		
Colgate-Palmolive (India) Ltd. Product/s manufactured/traded (Rs. Crore Non-Annualised)	Mar-98 12 mths	Mar-99 12 mths		
Soaps, Cosmetics & Toilet Preparations	890.57	872.44		
Trends in sales quantity (products) Colgate-Palmolive (India) Ltd. Product/s manufactured/traded	Mar-99	Mar-00		
Soaps, Cosmetics & Toilet Preparations	8984.22 Lakh nos	7855.57 Lakh nos		

Source: Centre for Monitoring Indian Economy



Procter & Gamble Hygiene & Health Care Ltd.				
Product/s manufactured/traded	Capacity	Production qty	Sales qty	Sales value Rs. Crore
	/Units	/Units	/Units	
	Jun-02			
Cosmetic, Perfumes & Toilet Preparation	3097	2501	3890	137.24
	Tonnes	Tonnes	Tonnes	
Cosmetic, Perfumes & Toilet Preparation (Liquid)	8986	0	89	6.68
	'000		'000	
	litres	'000 litres	litres	
Soaps & Detergents	30000	19545	214275	121.06
	Tonnes	Tonnes	'000 nos	
Trends in capacity (products)				
Product/s manufactured/traded	Jun-98	Jun-99		
Cosmetic, Perfumes & Toilet Preparation	5925	5002		
	Tonnes	Tonnes		
Cosmetic, Perfumes & Toilet Preparation (Liquid)	12816	8986		
	'000			
	litres	'000 litres		
Soaps & Detergents	25000	30000		
Trends in production (products)				
Product/s manufactured/traded	Jun-98	Jun-99		
Cosmetic, Perfumes & Toilet Preparation	2041	2108		
	Tonnes	Tonnes		
Cosmetic, Perfumes & Toilet Preparation (Liquid)	2323	2255		
	'000			
	litres	'000 litres		
Soaps & Detergents	13651	14761		
	Tonnes	Tonnes		
Trends in capacity utilisation (%) (products)				
Product/s manufactured/traded	Jun-98	Jun-99		
Cosmetic, Perfumes & Toilet Preparation	34.45	42.14		
Cosmetic, Perfumes & Toilet Preparation (Liquid)	18.13	25.09		
Soaps & Detergents				

Source: Centre for Monitoring Indian Economy

<b>Godrej Industries Ltd.</b>				
Product/s manufactured/traded	Capacity /Units	Production qty /Units	Sales qty /Units	Sales value Rs. Crore
Soaps	26381 Tonnes	19075 Tonnes	0 Tonnes	0
Cosmetics	1200 Tonnes	0 Tonnes	0 Tonnes	0
Trends in capacity (products)				
Product/s manufactured/traded	Mar-98	Mar-99		
Soaps	Jun-95 Tonnes	Jun-95 Tonnes		
Cosmetics	1850 Tonnes	1850 Tonnes		
Trends in production (products)				
Product/s manufactured/traded	Mar-98	Mar-99		
Soaps	39122 Tonnes	32619 Tonnes		
Cosmetics	48 Tonnes	381 Tonnes		
Trends in capacity utilisation (%) (products)				
Product/s manufactured/traded	Mar-98	Mar-99		
Soaps	54.81	45.7		
Cosmetics	2.59	20.59		
Trends in sales value (products)				
Product/s manufactured/traded (Rs. Crore Non-Annualised)	Mar-98 12 mths	Mar-99 12 mths		
Soaps	300.98	259.49		
Cosmetics	56.85	77.22		
Trends in sales quantity (products)				
Product/s manufactured/traded	Mar-99	Mar-00		
Soaps	33708 Tonnes	31529 Tonnes		
Cosmetics	1767 Tonnes	1513 Tonnes		

Lakme Lever Ltd.				
Product/s manufactured/traded	Capacity /Units	Production qty /Units	Sales qty /Units	Sales value Rs. Crore
Perfumery, Cosmetics & Toilet Preparations	Mar-02 237 Tonnes	2232 Tonnes	1858 Tonnes	89.2
Trends in capacity (products) Product/s manufactured/traded Perfumery, Cosmetics & Toilet Preparations	Dec-98 0	Dec-99 0		
Trends in production (products) Product/s manufactured/traded Perfumery, Cosmetics & Toilet Preparations	Dec-98 0	Dec-99 0		
Trends in capacity utilisation (%) (products) Product/s manufactured/traded Perfumery, Cosmetics & Toilet Preparations	Dec-98	Dec-99		
Trends in sales value (products) Product/s manufactured/traded (Rs. Crore Non-Annualised) Perfumery, Cosmetics & Toilet Preparations	Dec-98 12 mths 137.21	Dec-99 12 mths 92.28		
Trends in sales quantity (products) Product/s manufactured/traded Perfumery, Cosmetics & Toilet Preparations	Dec-99 736 Tonnes	Dec-00 484 Tonnes		

Source: Centre for Monitoring Indian Economy

## CHAPTER 4

### Herbal Marketing Trends

### **Herbal Marketing Trends**

Future innovations<sup>1</sup> in Personal Care, find that good looks alone are insufficient for today's consumers. Beauty is no longer skin deep. The concept of beauty is widening out to cover not only appearance, but also mental well being and physical health. The personal care and beauty industry has traditionally been driven by the desire to look good in a cosmetic sense especially in markets such as skin care, make up and fragrances.

The pressure of modern living has become more intense as it becomes increasingly difficult to reconcile the conflicting demands of social and working life. Consumers have to manage pressurized and increasingly hectic working lives, while at the same time have to balance social and family life. Consumers needs for re-energizing and relaxing their bodies and minds is driving the growth of whole range of alternative therapies such as homeopathy, acupuncture, ayurveda etc. This also represents a reaction against modern medicine and a desire to seek out more holistic, natural alternatives that are perceived to be healthier.

This quiet revolution<sup>2</sup> is sweeping slowly the whole world. Especially the obsession of west with these ancient therapies cannot be overlooked. India can play a great role in tapping this potential. This renewed faith in naturals has a great impact on Cosmetic & Toiletries Industry. Consumers world over are reconfirming their trust in nature. The perception about the herbal products is fast changing, attributing both to benefits of natural products on one hand and harmful effects of chemical products on the other.

---

<sup>1</sup> Datamonitor: In Cosmetics Exhibition: 9 Apr. 2002-11 Apr. 2002

<sup>2</sup> Natural Values; Soap Perfumery & Cosmetics, Oct 97, Vol 70 Issue 10, pg.47.

The modern C&T market for naturals has come a long way since its relatively unsophisticated beginnings. It is no longer a niche market but it is a sector which is consistently difficult to track. A report by Mc Alphine Thorpe & Warrior says-“The early days of cosmetics and toiletries naturals market were characterized by a series of small companies, usually operating from an environmentalist standpoint. But enormous consumer demand turned it into a market which major manufacturers could not afford to ignore and found it to be an area ripe for development.”

Asian consumers<sup>3</sup> also show an inclination towards these natural products. With its huge population and growing incomes, Asia is fast becoming the most favored destination for the Multi National Companies. Two clear trends appeared in these markets- diversification and the increasing use of natural herbal ingredients. The use of herbal ingredients is part of a wider, Pan-Asian consumer trend that has developed out of the use of traditional Asian medicines. These traditional remedies have always placed great emphasis on prevention, which means taking regular preventative products. This has created a climate whereby consumers are accustomed to taking daily medications and actively seek out products with health preserving properties.

This increased use of traditional herbal ingredients has meant that manufacturers have been able to emphasize the use of herbal ingredients as a marketable feature for their products.

India has a rich heritage of using natural herbs for medicinal and cosmetic purposes to the extent that a full science in the name Ayurveda is developed solely in this country. Brahmi, amla, reetha, heena, haldi (turmeric), chandan, neem, gulab (rose petals), cucumber, mint, tulsi, coconut, lime and scores of

---

<sup>3</sup> Reasons to be Cheerful; Soap Perfumery Cosmetics, Nov. 99 Vol. 72 Issue II, pg.40.

other herbs are put to various uses since long. From ancient times women have been using herbs and flowers to enhance their beauty and the science of herbal cosmetics in India is as old as recorded history. But the convenience of a shampoo bottle or a skin cream tube vis-à-vis the time consuming procedure for using these products made the latter unpopular.

According to Chemical Business<sup>4</sup>-"A herbal cosmetic is a herb based preparation intended to beautify and improve complexion, skin or hair by its external application." Nature has given India a wide variety of herbs, which are of universal value as far as the nourishment of the body is concerned. The initial Indian Herbal products gradually made their appearance in packaged form in the local markets as cosmetics and personal care preparations- Sandal Wood soap, Shikakai soap for hair rinse, Amla and Brahmi brands of hair oils, Neem and Clove based tooth-pastes and Turmeric based skin creams. The growing environmental concern of the last decade has also shifted focus to the use of eco-friendly products, which has in turn spurred the C& T industry to look for alternatives.

When the growth rates for the cosmetic products slowed down marketers had to think of something new to spur growth. So the marketers thought of putting stress on the 'natural ingredients' of the products to increase their acceptability, trying to cash on the change in consumers' perception towards these natural products. This led to a sort of 'Green Revolution' in the whole FMCG sector with most of the products being offered in their herbal or natural variants be it soap or hair oil or shampoo and even tooth pastes. A herbal tag attached to the product is considered to be the easiest way to increase product acceptance and popularity.

---

<sup>4</sup> Chemical Business, Aug 2001, Vol. 15 Issue 8, pg.57.

Studies conducted by MICA report increasing preference by consumers for herbal/natural products over other cosmetic products, increasing acceptance of Indian herbal products in the international market. A study by IndiaInfoline says that greater health awareness, changing trends of self grooming, changing life styles, increasing number of mythological series on air etc. are some of the factors that have led to boom in the herbal products industry.

Seeing this trend and changing consumer preferences many players have started launching their products in the natural/ herbal segment. The market is flooded with these herbal variants and the shelf space is increasingly occupied by these products. Anything from toothpaste to a lipstick is available in its herbal clone.

As the cosmetics based on chemical ingredients are on their way out, due to their harmful side effects, the herbal & natural product based cosmetics are gradually becoming better and provide a safe option to the consumer.

Coming to the herbal scenario in FMCG sector-“The herbal or natural products market in India is evolving rapidly,” says C.K.Kumaravelu<sup>5</sup>, Managing Director, Nature Care Products Private Limited, the Madras based company. “Moreover its free from multinational competition” he adds.

That’s the appeal to marketers. To the consumer, the attraction is that the products are free from synthetic ingredients which, allege herbal marketers, offer immediate cosmetic benefits but upset the body’s natural self-care mechanism and thus cause harm over the long term. Most herbal products

---

<sup>5</sup> Split Market Evolution; A&M, 31 July 1995, pg.70-72, Mitu Jayashankar and Pritika Arora.



trace their origin to ayurveda, and enjoy a great degree of support from tradition while casting suspicion on the creations of chemistry.

Taken together, the above two reasons explain why the market for non-synthetic personal care products has seen so much action in recent years. Although ingredients such as shikakai, hibiscus, henna and so on have been a part of standard home-made and commercial product recipes for centuries. The idea of creating brand hype around (and charging premia on) herbal products started some 25 years ago when Shahnaz Hussain began with home operations to aim herbal formulations (under her own name) at the rich urban consumer.

Today, Shahnaz Herbals sells products estimated at over Rs. 25 crore through about 400 salons in India and abroad. Dozens of privately owned labels have sprouted since then. Prominent among them are Vinita Jain's Biotique, Lotus Herbals, Maureen Motwane's Bombay based Herb Care, Madras based Nature Care Products Pvt. Ltd's Raaga and BCPL's (Beauty Cosmetics Pvt. Ltd.) Meera and Nyle (herbal hair wash powder and shampoo).

Among big corporations, the Rs. 425-crore Dabur India Ltd. is putting its marketing muscle behind its Vatika range of herbal products. Biotique and Lotus boast hundreds of formulations spanning several categories of personal care. In this, and in their pricing strategies, they seem intent on duplicating Hussain's success.

However, Raaga and Meera seem to have different ideas. They price themselves considerably lower than the others, and concentrate on achieving high volumes in only a few markets such as hair care.

By price, the herbal products market is split into two distinct segments- one of premium players like Shahnaz Herbals, Biotique, Lotus and Herb Care; the other comprising Raaga, Meera, Ayur and other mass-market brands. The target consumer, and so the marketing strategies adopted by players in the two segments, are radically different.

The premium labels aim to convert the user (typically, the urban sophisticate) of synthetic products to herbal care, with stories revolving around the true value of traditional cosmetics (peppered with glamour). On the other hand, mass-market brands aim their products at the consumer who already uses home-made herbal concoctions (typically, the conservative homebody who is occasionally attracted to easy-to-use synthetics), with propositions based on the convenience of pre-mixed and packaged alternatives. For a product to appeal to this consumer, its reliability has to match its home-made competitor's. Plus, there has to be a promise of convenience.

Since the natural products market is highly fragmented and most players are regional, figures are difficult to arrive at. A wild guess would put all the herbal products sold in India at anywhere between Rs 150-200 crore. Though marketers are not sure of how much herbal sells, they agree that these formulations have tremendous potential to expand at both the upper and lower ends of the personal care market. In the hair wash segment, herbal segment's growth rate is pegged at a scorching 50 percent, while regular shampoos are expected to grow by a relatively dull 15 percent (1993-94).

Not all companies rely on domestic sales. Over 40 percent of Shahnaz Hussain's sales comes from exports. Sales overseas are powered by the 'go-green' attitude gaining momentum among consumers who are rejecting synthetic products for the alleged damage they cause to the environment. In

India, that appeal holds little weight, and most natural products are marketed solely on functional attributes or snob value.

The big difference here is that markets for synthetic products are far from mature in most socio-economic clusters. Shampoo, for instance, is used by just 15 percent of the country's people. In France, the penetration figure for shampoo is as high as 99 percent.

In India, if herbal products have specific product differentiators, few are spelt out to the consumer. In fact, herbal products bank collectively on their traditional therapeutic benefits and often take an anti-synthetic stance. Individual USPs are hard to come by, so within a category of herbals, one brand does not claim to be very different from the next.

But the thing that remains to be seen is that these herbal products can sustain their snob value in the long run or not. Natural products will have to outperform their synthetic rivals to create a sustainable mass market. Success depends largely on the strategies that the leading players adopt. This is an arduous task, since the benefits of herbal ingredients begin to show only after prolonged usage. Impatient consumers often give up on herbal products midway and opt for synthetic alternatives. Herbal products are a growing field and this is one area in which foreign marketers lack know-how.

**A category wise overview:****Soaps:**

Herbal brands like Medimix, Margo, Santoor etc are already well established brands and doing pretty well<sup>6</sup> in Indian markets. Hamam and Rexona repositioned themselves on the natural herbal basis. Margo is a leading ayurvedic soap having a share of around 4% in the total soaps market. Medimix, claimed to be made from 18 herbs has increased its market share.

**Creams:**

In this category herbal segment is growing at the rate of 60% and more as compared to 20-25% of the total industry. All of a sudden brands like Shahnaz Hussain, Oriflame, Biotique etc have gained massive popularity. Indian brands like Dabur, Baidhnath, Ayur, Emami, Cavin Care etc who have had a long presence in Indian market, too have come in focus. Even players who were hitherto into plain (chemical based) cosmetics too have launched natural variants of their existing brands.

**Shampoos:**

Herbal shampoo like Nyle has cornered a market share of nearly 9% in the entire shampoo market and 45% in the herbal category. The herbal segment is growing at the rate of 14% per annum as compared to a growth rate of just 5-10% of the entire market. Other brands like Ayur, Dabur Vatika etc are the leading brands in the category with more and more products entering rapidly.

---

<sup>6</sup> The Herbal Touch; 10 October 2000, India Infoline.

**Tooth Pastes:**

In this category also the herbal is moving the market. Vicco Vajradanti, Babool, Promise, Mesvak and Neem are the major players. Even Colgate has come up with its Colgate Herbal variant and is increasing its market share.

According to a SPC Asia study in the year 2001, around 37% of the Indian cosmetic market is made up of herbal products, thus offering great potential for exports, as consumers both in India and overseas becomes more interested in using products with a natural position. However the ayurvedic and herbal products category remains disorganized and the industry is calling for a market survey on the demand for and availability of such products.

The absence<sup>7</sup> of proper certification procedures and inadequate engineering input in the design of the herbal plants in India are a big bottleneck for the Indian Herbal Industry. The R&D efforts in the area are also not significant, and this has caused problems in optimizing the process parameters and quality levels. Since most of the herbal entrepreneurs in the country are in the small-scale sector, they also lack investment capability, research and development support and market thrust to penetrate the sophisticated global market.

Most of the herbal exports from the country are still in the crude form and are not adequately converted into value added products. Reliable data and information with regard to the demand supply scenario are also very inadequate. According to Venkataraman, the long term prospects for the herbal industry are promising. India does not have any exclusive advantages

---

<sup>7</sup> Confusion Confronting Indian Herbal Sector; Chemical Business, November 2001, Vol.15 Issue 11, pg.10, N.S.Venkataraman.

with regard to several herbal products. Several countries in the world with a long history and tradition like Japan, China and several African countries have a wealth of information on herbs and its application even better than India.

But there<sup>8</sup> is a silver lining in the cloud. Traditional Indian beauty treatments based on the ancient principles of Ayurveda are winning converts in the West. Ayurveda is purported to be the oldest holistic approach to health and well being. Cashing on the lines, Body Shop introduced a line of Ayurvedic inspired products. These products used essential oils and herbs cultivated predominantly in India. In words of Ayla Hussain, Co-founder of one of these successful products (skin care regimen- Sundari)- “we take ideas that are thousands of years old and use modern technology to maximize their efficacy”. Based on these ancient principles manufactures are cashing on the increasing popularity of Ayurveda in West, by combining it with modern technology. Himalaya Drug Company, for example, has launched its whole range of medicinal and personal care products in the name of ‘Ayurvedic Concepts’.

‘Ayurveda’ originated<sup>9</sup> in India and has been nurtured over the past 3000 years. Loosely translated as ‘knowledge of life’, Ayurveda is not just a curative system, but a system that prescribes how one could live in harmony with nature and oneself in order to remain healthy. To achieve these harmonies, three forces combining functions of body and mind need to be in equilibrium: Pitta or the control of biochemical processes, Kapha, or the formative force controlling the balance of fluids in the body and Vita, or the principle of movement, which provides energy and includes the nervous system. The balance among these forces is fine tuned by adopting a diet (or

---

<sup>8</sup> Bottling Ancient Secrets; Time Canada, 07/31/2000, Vol. 156, Issue 5, pg.32, Meenakshi Ganguli.

<sup>9</sup> A Strategic Balance of Tradition and Technology: An Ayurvedic Firm in Modern India; Business Horizons, Nov-Dec 1998, pg.41-47, Bernard Arogyaswamy, Deepak Manchand.

corrective medication) whose tastes (Rasa) and properties (Yuna) result in the desired effects (Karma).

Though everyone has a dominant *dosha*, which influences everything from skin type to personality keeping all three in balance is the key to inner health and outer beauty. Yoga is one element of Ayurveda and its popularity in the US in recent years has led to greater interest in Eastern spiritualism and increased opportunities for western marketing.

### **Cases:**

Even Indian consumers are catching fancy with these ayurvedic products. A case in point is Bangalore based herbal ayurvedic manufacturer- Himalaya Drug Company (HDC).

HDC was founded<sup>10</sup> way back in 1930, based on the principle of 'natural herbs'. From its humble beginning, Himalaya today offers a comprehensive range of products starting from therapeutic products to personal care (60 products) and even animal care products. Trying to cash on the herbal revolution both in the domestic and international markets, the company identified its strengths and weakness. As an analyst at Refco Sify Says –“The companies strengths are clearly the recall with ayurveda or natural products. The product range is good and has a lot of potential. However, its weakness is the potential distribution reach and no dedicated outlets.”

Himalaya's central philosophy is to give the world consumer researched herbal products. Himalaya entered the personal care segment in 1994 in the US. HDC opened an office in Houston and not only introduced its therapeutic

---

<sup>10</sup> A New Look; Business India, June 10-23, 2002, pg.64-66.

range, but also the personal care range in the US market. Exports account for 9 percent (Rs.20 crore) of the turnover. Companies manufacturing unit in Syria produces pharmaceutical range to cater needs of West Asian market. Russia is the largest market in export of pharmaceuticals, accounting for nearly 30% of total export. However, in personal care segment, the Middle East is a big market. The US operations contribute 5% to the companies turnover. With the formation of guidelines for registration of herbal medicines coming out on 1 January 2004, things will start shaping up for the Western European market.

Banking on the huge movement towards herbal products worlds over, the company is looking to double its turnover to Rs.500 crores. With the proper attention and applying right strategies Indian companies like HDC have a great role to play in the herbal sector all over the world.

Yet another home grown<sup>11</sup> company leveraging its products on Herbal lines is Dabur. Established in 1884 by Dr. S.K. Burman, Dabur has a worldwide presence today. "We are a knowledge based company with knowledge of ayurvedic medicinal herbs and natural products, besides the currently acquired knowledge of modern technology" says V.C. Burman, Chairman, Dabur India. Dabur has a strong market position in the ayurvedic health care and personal care segments. The company is sitting pretty with brands like Hajmola, Pudina Hara, Hingoli, Chyavanprash, Amla Hair Oil and Lal Dant Manjan, capturing a majority of market share. Also herbal anti dandruff shampoo and oil under Vatika brand are doing well. Binaca Fresh toothpowder, Efarelle Comfort-a unique herbal product for relief from abdominal pain during PMS and Amla Lite hair oil, among other products also add to Dabur's strong product portfolio.

---

<sup>11</sup> Battling MNCS on Home Turf, Business India, May 13-26, 2002, pg.68-74.



Time and again, Dabur is growing on its natural/herbal products. Dabur has made entry into Rs.230 crore antiseptic cream market, with launch of Dabur Boro Glow- a blend of neem, lemon, chandan and badaam. The Boro Creams dominate the market with sales of around Rs.130 crores. As analyst Nirav Sheth of SSKI says-“We are upbeat on Dabur's ability to leverage its chemical free niche to newer categories such as shampoos and skin care.”

## CHAPTER 5

### Problem Formulation

## **Problem Formulation**

### **Nature of the Study:**

The nature of this study is characterized by the following features-

1. It is a Social Research.
2. It is Exploratory.
3. It has an Applied Bias.
4. It relies on Empirical Evidence.

### **It is a Social Research:**

Considering the broad classification of researches we put this project into the Social Research category. It aims at obtaining the information on market and changing consumer attitudes towards the cosmetics and toiletries. Marketing itself is a social process, since it is having a human aspect and is resulted by the complex social behavior. The management of marketing is also socially oriented and leads to the improvement of quality of life and supplies better amenities to mankind in keeping with the growing and varied requirements of the society.

Being a social research, it tries to identify the complex human behavior and the set patterns in it. A social research may not be as precise and accurate as are the researches in physical sciences in making predictions. However the human intelligence has led to the development of logical and systematized techniques being reasonably accurate in studying social phenomena. Individually human beings may be unpredictable, but collectively they tend to be reasonably accurately predictable. Advancements in social research methods have increased the accuracy of predictions considerably.

**It is Exploratory:**

The approach of the study is exploratory in the sense that it is mostly directed towards identifying the various characteristics of the market and to create observations conducive to further study. This approach is generally followed for new areas of investigations where the problem itself may not be very clear and is needed to be diagnosed. The domain of the research is also required to be reasonably wide but properly specified.

This approach was thought necessary for this study in view of the new trends in the Indian market and also it suits the industry chosen for the study. Neither is the Cosmetics & Toiletries Industry well defined in India, nor do we get enough examples of studies in this area.

The exploratory nature has necessitated keeping the coverage of the study wide enough to cover all marketing aspects. Had it not been the case, the scope could have been kept very narrow and only one aspect of marketing could possibly have made up an elaborate and voluminous project.

**It has an Applied Bias:**

A research in marketing is required to have a bias for application as D. S. Tull and D. I. Hawkins<sup>1</sup> state in the very first line of their book 'Marketing Research'- "Marketing Research serves a single purpose that of providing information to assist marketing managers and the executives to whom they report to make better decisions".

---

<sup>1</sup> Tull, D.S. & Hawkins- 'Marketing Research' Mac. Pub. Co. Inc, New York.

Therefore, in spite of keeping the study wide enough and exploratory in nature, an attempt has been made to relate each aspect of the study with a managerial decision based on it. Each of the hypothesis is related with a management action. This enhances the value of the project beyond the pure academic one. It has been specially mentioned in the objective of the study that it will provide useful guidance to the management of the existing companies in the industry as well as to the rest of the business community in respect of the emerging opportunities in the field.

### **It relies on Empirical Evidence:**

Relying on experience and observations is always preferable over relying solely on theory, and specially when the available information is insufficient, the empirical study is the only way to get it.

In this particular case also, lack of information on various consumer groups, their tastes and preferences, their changing perceptions has been the major reason for preferring an empirical study. An extensive survey in the six North Indian cities has been conducted and it is expected that the results may necessitate the changes in the presently held opinions and help in building a new theory altogether.

### **Features of the Survey:**

When secondary data sources do not provide sufficient data, primary data may be collected. Survey method is the most common method of collecting primary data for marketing studies. Survey is concerned with the administration of questionnaires or interviewing with the group we want to study. We call them respondents.

An advantage of this approach is that it brings the researcher and the respondent face to face and their cooperative efforts help to build up a better research database. Personal contact enables the researcher to use his intelligence to elicit precise information from them and analyze the data in the light of his experience. In fact it establishes a liaison between the research laboratories and field situations and stimulates research both ways.

This approach involves considerable time and effort in field investigations and requires sampling, questionnaire design, questionnaire administration and data analysis. The approach that has been decided to be used in this survey is structured and direct using personal interview method.

To have homogeneity in the survey in all the interviews throughout the segments, a structured method has been used. To cover a geographical region extending to six diverse cities, an unstructured method would have been difficult and unjustified too. A structured method also makes the generalization and prediction easier for the whole population.

Considering the directness in interview, it is always difficult to seek the cooperation of illiterate and ignorant rural masses, whether you are direct or indirect. In many of the aspects, where factual questions were to be asked, the question of being direct or indirect has no meaning. In case of other questions, if you can motivate the less educated people like those of Amroha & Sambhal to cooperate, the degree of directness hardly makes a difference. Therefore to make the questions simpler and less time-taking, a direct approach was used.

**Products Selection:**

As it was not possible to include the whole range of cosmetics and toiletries in the study, only a few of them have been selected. They are-

1. Soaps
2. Creams
3. Hair-Oils
4. Shampoos
5. Tooth-Pastes

We find in the above list greater number of toiletries rather than pure cosmetic items. Only second in the list appears to fall under cosmetics in real sense. This has deliberately been done, keeping in view the 'generality' of these items. The standard definition of cosmetics, stated earlier (chapter-3), does include the above items in the cosmetics range, but even otherwise there is no doubt that all the above items come under the coverage of 'cosmetics & toiletries' as mentioned in the title of the study.

**Scope Determination:**

Covering the whole population of India was beyond the time and cost resources. Therefore, the scope of the study was kept limited. It was decided to cover cities of North India namely Delhi, Chandigarh, Aligarh, Haridwar, Amroha and Sambhal. The cities are chosen on the basis of their 'Class' so as to represent urban, semi-urban and rural areas.

The 'A-Class' cities (Urban)	-Delhi & Chandigarh.
The 'B-Class' cities (Semi-Urban)	-Aligarh & Haridwar.
The 'C-Class' cities ( Rural)	-Amroha & Sambhal.

Throughout our study, effort has been made to track the changing trends in these 'City-Classes' separately.

### **Objectives of the study:**

The broad objectives have already been stated in the introduction chapter. Now once the products have been selected and scope determined, we are in a position to set the detailed objectives in respect of each aspect of the study in order to have a clear guideline for the whole proceedings that follow.

There are four major chapters (7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup>) in which different aspects of the study have been classified, and therefore the objectives have also been stated for each of these chapters separately.

### **For Chapter 7 (Demand Analysis)**

The following objectives will be pursued:

1. To measure the market share of leading brands in each of the product categories selected.
2. To assess herbal preference and herbal brand penetration in each selected city and relate it with demographic factors.
3. To ascertain usage rate and purpose of use of each product selected across various income groups, sex and age-groups.

### **For Chapter 8 (Product & Packaging)**

The following objectives are set:

1. To measure the influence of various product attributes on consumers in each city.



2. To assess role and importance attached to Brand in these FMCG products selected for each city under study.
3. To identify the leading brands in each product category.

### **For Chapter 9 (Price & Distribution)**

The following objectives are taken to pursue:

1. To identify the sources from where these products are purchased.
2. To assess the price perception of the consumers for each of the selected product categories and determine their price sensitivity.
3. To estimate the sufficiency of availability in different segments of market for different product categories.
4. To rate the dealers' motivational factors provided by the companies to the dealers for selected brands.

### **For Chapter 10 (Promotion)**

The objectives in this chapter to be followed are:

1. To assess the role of different products' promotional schemes in persuading consumers to go for a particular brand.
2. To assess the differences in knowledge sources in different cities and its credibility.
3. To estimate the exposure to media and its effect on the herbal products across various cities.

### **Hypotheses:**

The formulation of hypothesis is an important step in a meaningful research. Hypothesis is an assertion that is sought to be proved or disproved. If there is

no hypothesis, what a research is to prove or disprove remains a big question. A well-laid hypothesis also keeps the researcher on the right track and saves his time by not letting him get astray.

The hypotheses have been developed in a descriptive manner rather than making very statistical in its language, as generally stated in most of the quantitative projects. This is mainly because of the exploratory nature of the study. Had it been a research of a more decisional nature, in the sense that some proposed decisions were pending, tied up with the results of the research, the hypotheses would have been made more objective and in purely statistical language.

For example, hypothesis number 4 here states that herbal trend has picked up in all product categories taken. Had there been a managerial decision on some particular market constraint, and if it was decided that the trend would be considered only when 30% of the brands in the category were herbal, the situation would have necessitated changing the above hypothesis in the following way-

H0: the proportion of the herbal brands in particular product category  $\geq 30\%$

H1: the proportion of the herbal brands in particular product category  $< 30\%$

Many other hypotheses would have also needed a change in appropriate manner, had there been some decision linked with the findings of the research.

For most of the measurements in the study, no such cut-off points may be specified. The objective is to know the existing situation and its different variables, which requires the hypotheses to be quite open and their tests very informative rather than being deciding. Therefore, the various dimensions which have been identified for different problems have been translated into a

number of hypotheses to highlight the interactions and associations among various factors involved.

A number of hypotheses have been developed to be tested for various aspects of the study. These hypotheses have also been classified into four groups to be included in each of the major chapters (7<sup>th</sup>, 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup>) separately, as has been done in case of objectives' setting. The null hypotheses have been listed chapter-wise below-

#### **For Chapter 7 (Demand Analysis)**

Ho1: Brand preferences for herbal products are different in consumers of different categories.

Ho2: Consumers vary in their usage pattern of different products under study.

Ho3: There is difference in usage pattern of various home-remedies vis-à-vis branded products.

Ho4: Herbal trend has picked up in all product categories taken under study.

#### **For Chapter 8 (Product & Packaging)**

Ho5: Preference for different product attributes varies among different consumer categories.

Ho6: Type of city makes an impact on the brand consciousness of the consumers.

**For Chapter 9 (Price & Distribution)**

Ho7: Consumer categories have an influence on preference for kind of shop to make their purchases from.

Ho8: Availability of herbal brands is better than that of non-herbal brands.

Ho9: Price sensitivity varies among different kinds of consumers.

Ho10: Herbal brands have a more regular supply to the outlets than the non-herbal brands.

Ho11: Credit policy offered to dealers for herbal brands is different from that of non-herbal brands.

Ho12: Non-Herbal products offer better margin to dealers than the herbal brands.

**For Chapter 10 (Promotion)**

Ho13: Preference for different promotional tools varies with the consumers.

Ho14: There is a difference in the sources of information for brands across different consumer classes.

Ho15: Credibility attached by consumers to information gathered through various sources varies.

Ho16: Preferences of dealers regarding various promotional tools are different across various sections.

Ho17: Herbal products come with promotional schemes more frequently than the non-herbal products.

The hypotheses stated above will be put to test in their respective chapters.

## CHAPTER 6

### Research Methodology

### **Research Design**

It will be useful at this stage to attempt to crystallize the whole research project by way of making a blue- print of the study. The pre-requisite for the purpose will be to specify the data requirement and evaluate it in terms of time and resource constraints. An adjustment in the study becomes inevitable to bring the tasks identified within the available financial and time restraints. This is done so that the amount of information sought matches the resources which are likely to be made available.

The design of the structure of the study consists of seven stages, some of which have to be followed consequently, but others can be followed concurrently. These are the following:

1. Pilot survey.
2. Sample Size Determination.
3. Sample Selection.
4. Questionnaire Design.
5. Validity and Reliability Check.
6. Field Work.
7. Analysis and Testing.

Now, before we determine the above mentioned variables, it is preferable to prepare a list of the needed information.

#### **Information requirement:**

When satisfied with the statement of research objectives, the researcher prepares a list of the information which is needed, to achieve the objectives.

Going through the objectives and the hypotheses stated in the previous chapter, it is not very difficult to set down the following information needed for the purpose.

1. Which brands of different products (selected in the study) are the customers presently buying?
2. What is their usage pattern and usage purpose?
3. What is their source of purchase?
4. What is their level of 'Brand Consciousness'?
5. What is their perception about Herbal/Synthetic brands?
6. What is the effect of promotional schemes?
7. What are their sources of information?
8. What is the 'price perception' of the consumers about these products?
9. How far is the herbal trend picking up in these product categories?
10. How grave is the irregular supply problem (herbal/non herbal)?
11. What is the frequency of the promotional schemes (herbal/non herbal)?
12. How attractive is the credit policy offered to the dealers by different companies (herbal/non herbal)?
13. How attractive is the margin offered by the companies on these products?
14. Which of the advertising media are heavily used?
15. What is the relation of the above factors with different demographic factors of the market like geographical region, age, income, gender etc.?

### **Resource-Quantity Compromise:**

In an ideal world, a field research will involve the personal interviewing of all the individuals who can give relevant information or whose opinion is important. However, a trade-off between ideals and economic reality are inevitable. A number of reasons have been given by Livingstone-



1. Too many people to be interviewed either in absolute terms or within any reasonable financial budget.
2. *It may be impossible to get round all the people who are distantly located.*
3. Some people may be unwilling to be interviewed but still might be ready to supply limited information sought in another way than by interview.

There are of course other reasons but these, as well as two of the three listed above, almost inevitably come down to costs. With an unlimited budget most obstacles can be overcome, but no researcher is ever remotely likely to have an unlimited budget.

Another dimension is that of accuracy requirement. The erroneous public opinion polls in the pre-election period sometimes misguide the market researchers demanding the highest level of accuracy maintenance. It is in the nature of these polls, relying on interviews of a thousand or at most two thousand of millions of voters giving rise to a standard error as high as two to three percent. And in most democratic elections two or three percent can make all the difference to which party wins.

How often do these conditions apply in a business research survey, particularly for a relatively small company? Accuracy to within two or three percent may be an unnecessary refinement, for the individual company's performance is not likely to be affected by rather marginal considerations. What the company needs to know is roughly what share of the market it has, and over time whether it is holding its own or increasing or decreasing its share. If acceptable results can be achieved by 'quick and crude' methods, there is no real justification for going expensively for a far higher level of accuracy than is really required or indeed practical.

The compromise has mainly been done by way of limiting the scope of the study to only Northern region of the country and a sample has been drawn of a limited number of cities from this. The questionnaire has also been designed to cover only the more relevant questions needed for the study to keep it within the manageable limits. The details of the design variables in the following pages will clearly show the nature of this compromise.

### **Pilot survey:**

While trying to prepare a design of the survey, it was thought necessary to conduct a test or pilot survey to ensure the workability of the design before giving it a final shape. The pilot survey was mainly conducted for three purposes-

1. To determine the sample size.
2. To test the questionnaire.
3. To improve the fieldwork organization.

The most common method of sample size determination requires three kinds of specifications, namely allowable error, confidence coefficient and the estimate of the standard deviation of the population. The first two of these specifications are matters of judgement involving the use of data but the third specification, the estimate of the standard deviation of the population, is the responsibility of the researcher. Sometimes these estimates are available from the previous studies. But no previous study on these marketing aspects could be known that had been conducted for the industry under consideration.

In the absence of such sources, one has to go for a pilot survey to estimate the population standard deviation and use it for sample size determination.

Another reason for conducting the pilot survey is to ensure that the questionnaire that has been designed and looks simple and unambiguous to the designer will appear equally so to the respondent. There is, therefore, a strong case for trying out the questionnaire in a pilot survey before the main launch. It can be a humbling experience for the designer to find what can go wrong.

If the researcher is not going to do all the interview himself, it is useful for him to involve others in the pilot survey, while keeping himself also fully associated with it. This gives a good idea to the researcher of the possible difficulties in the field work of the main survey. This helps the researcher in better field work organization and control.

A small sample of fifty respondents was drawn from the city of Aligarh on convenience basis. It comprised of all the 'type' of the consumers i.e. urban, semi-urban and rural. The researcher accompanied with others, who were going to be involved in the main survey, visited a number of places to administer the first draft of the questionnaire. The problems arising in the field situations were carefully noted. The reactions of respondents to different questions were also recorded. The experience led to the modifications in the initial design in the following dimensions-

1. Changing the nature and wordings of some of the questions.
2. Changing the sequence of the questions looking to the level of difficulty.
3. Cutting short the size of the questionnaire by omitting some of the less important questions.
4. Preparing a different instruction set for the investigators.
5. Modifying the field work plan in respect of time and effort requirement.

The analysis of the pilot survey was also done, so as to be used in the sample size determination. This facilitated deciding on the most immediate design variable i.e. sample size determination.

### **Sample Size determination:**

The logic of Sampling Distribution gives a relationship as follows-

$$\begin{array}{l} \text{Number of Standard Errors} \\ \text{Implied by Confidence Coefficient} \end{array} = \frac{\text{Allowable Error}}{\text{Standard Error}}$$

Where Standard Error (defined as Standard Deviation of the Sampling Distribution) of the 'proportion' is given by-

$$\sigma_p = \sqrt{\frac{\pi(1-\pi)}{n}}$$

The area under the sampling distribution between any two points can be calculated in terms of z-values. The z-value for a point is the number of standard errors a point is away from the mean. The z-values may be computed as follows-

$$Z = \frac{\bar{X} - \mu}{\sigma_p} = \frac{D}{\sqrt{p(1-p)/n}}$$

$$D = p - \pi \quad \text{where, Population Proportion } \pi$$

$$\text{Sample Proportion } p$$

$$\sigma_p = \frac{p - \pi}{z}$$

$$= \frac{D}{z}$$

$$= \sqrt{\frac{\pi(1-\pi)}{n}}$$

or

$$n = \frac{\pi(1-\pi) z^2}{D^2}$$

Using the above formula, we take confidence level (CL) of 99%. The corresponding z-value associated with CL is 2.33 and take allowable error to be only 5%.

Thus the sample size calculation is summarized as-

**Steps:**

- |   |  |
|---|--|
| 1. Level of precision                   | $D = p - \pi = \pm 0.05$                       |
| 2. Confidence Level (CL)                | CL = 99%                                       |
| 3. z-value associated with the CL       | $z = 2.33$                                     |
| 4. Standard Deviation of the Population | Estimate $\pi$ : $\pi$ can take various values |
| 5. Sample size                          | $n = \frac{\pi (1-\pi) z^2}{D^2}$              |

Now, whatever the proportions (value of p), the sample size comes out to be less than 543.

This implies that a sample of size 550 will be more than sufficient to estimate the population proportions with 99 percent confidence, allowing only 5 percent error. Therefore a sample size of 550 has been decided for the study.

**Sample Selection:**

A stratified two stage sampling design has been used.

Stratification has been done on the basis of the type of city. A comprehensive list of all North Indian cities/district was collected to make the final selection.

On the basis of this list, finally six cities were selected which give ample representation of the whole region.

On the basis of population, cities were classified into the three classes as follows-

Population	Class
Above 8 Lakh	A Class
2 Lakh-8 Lakh	B Class
Below 2 Lakh	C Class

In the first stage, two cities each were selected from respective city class i.e. Class A, Class B and Class C cities. In the second stage, respondents have been taken in equal number from each city, to ensure sufficient representation of each city class.

The whole population (North India) has been divided into three strata (divisions) of A class, B class and C class cities. Out of these, six cities were chosen on convenience basis-

Conveniently, the following selections were made-

	Population
A Class:	
Chandigarh	9,00,914
Delhi	13,78,29,76
B Class	
Aligarh	6,67,700

Hardwar 4,47,305

C Class

Amroha 1,64,900

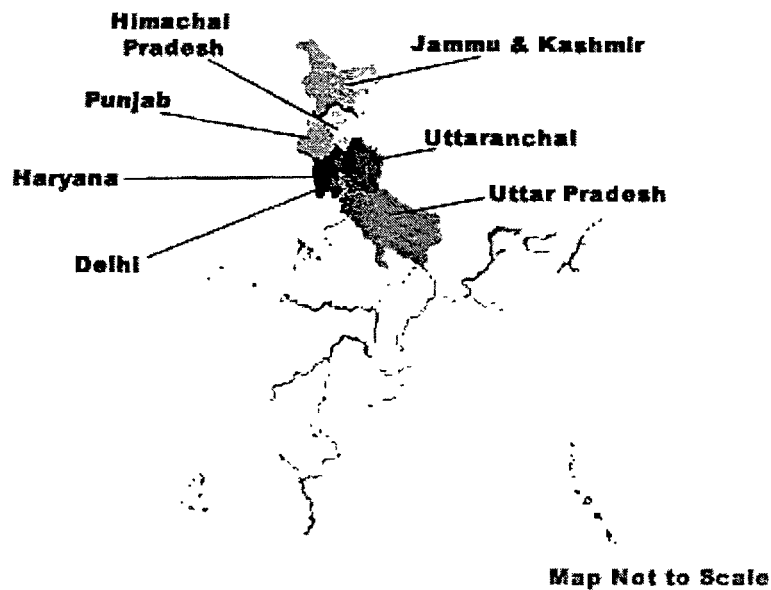
Sambhal 1,82,900

The sample size of 550 was distributed to these selected cities in approximately equal numbers. The allocation of the sample was as follows-

City	Customer	Dealer
Chandigarh	47	48
Delhi	47	46
Aligarh	49	33
Hardwar	48	44
Amroha	49	48
Sambhal	42	49
<b>Total</b>	<b>282</b>	<b>268</b>



## NORTH ZONE



As can be seen from the map, Chandigarh is taken from the region of Punjab/Haryana. Delhi itself lies at the heart of the whole region and is a culminating pot for all class of consumers. Aligarh, Amroha and Sambhal give ample representation of the diversified Uttar Pradesh. While Hardwar lies in the plains of otherwise hilly Uttaranchal.

Higher states of Jammu & Kashmir and Himachal Pradesh are excluded from the study as these regions are mostly covered by the mountains and the consumer behavior can easily be assumed to be different from that of thickly populated plains.

This type of stratified sampling is, on the one hand, expected to allow representation of all segments of the population in sufficient number and on the other hand facilitate using statistical tests to study the behavioral pattern of different strata.

**Questionnaire Design:**

To collect information from the sample members, we require designing a questionnaire that may either be filled up by the respondents, if they are literate ones or may be filled up by the investigators who interview them, if they are illiterate ones. The kind of questionnaire needed is a simple and straight forward one, in a get-up that may retain their interest till the end, a style that may not irritate them and its contents that may not lead to a non-response from them.

A good questionnaire is easy to understand, simple to answer, interesting to complete and enjoyable to return. If one wants to design it he needs to know the respondents, their tastes and preferences and their culture. The following principles have been adopted in designing the questionnaire-

1. Asking the factual questions first and relating to taste and preference later.
2. Asking questions on more commonly used products first and less commonly used products at last.
3. Putting the personal questions first, so as to strike the very important 'rapport' with the respondents and make them feel at ease.
4. Using simple language throughout, so as to elicit the right responses and do away with the confusion.
5. Asking the multiple-choice questions except where asking about the brand/name of the product.
6. In multiple-choice questions, coding all possible answers and an 'any-other' category where ever needed.
7. Adjusting the wordings, sequence and the size of the questions after having the experience of the pilot survey.

The final draft of the questionnaires, as used in the main survey has been included in the annexure, which clearly shows how the above principles have been incorporated in it.

This whole analysis only ensures that the questionnaire is such that respondents can answer the questions correctly, but another equally important aspect is whether they will answer the questions correctly. This aspect calls for an attention to the validity and reliability aspect of the questionnaire.

### **Field Work:**

Conducting a survey in six cities of three states, requires making a team for the field work. Investigators were required who may be familiar with these cities and who may personally visit these to interview the respondents and get the questionnaire filled up.

There was no difficulty in getting a number of students belonging to these places, residing in the hostels of A.M.U. Aligarh. This was favorable factor in the conduct of the survey. Many of them were contacted and 12 of them were finally selected for the purpose. They all were graduates who consented to cooperate in the work. Each one of them belonged to a district or a near-by district where he was supposed to conduct the survey.

Time set for the survey was the coming vacations when those students were expected to pay a visit to their homes. This way the traveling expenses to be paid to investigators were saved.

Now the most challenging task of training and motivation to these field workers was ahead. They were given detailed instructions about the purpose of the study, how to locate and approach respondents, to establish rapport, to ask questions and to obtain and record accurate answers. They were motivated, without any financial reward, for obtaining reliable data, and in no stage of work were they found to be under-motivated.

The instructions given to the field workers were relating to the following aspects:

1. Selection of a respondent.
2. Approaching the respondent.
3. Dealing with the non-response problem.
4. Method of administering the questionnaire.

The selection procedure was explained to them as per the sample design. To some of the respondents, who were literate, the questionnaire was given along with the pen for immediate completion. But for others it was read along with the alternatives given for the answers and their answers were recorded instantly. If a question was not easily understood by respondents, interviewers rephrased it in a way which caused less confusion. Since the questionnaire was mostly structured one with very few open-ended questions, the possibility of variation in their perception and in that of the interviewers were the least.

During the field work, a contact was maintained mainly through e-mails and phone. Instructions were sent from time to time to remove difficulties of the field workers.

On the return of the investigators, the whole work was evaluated and it was felt that another vacations are required to complete the work which is undone or done unsatisfactorily.

Another plan was prepared for the next vacations and the whole process was repeated once again. Some investigators were replaced by others because of the lack of cooperation from them and many of the old investigators were requested to administer some more questionnaires to replace the incomplete, defective or irrelevant responses in some of the questionnaires.

The field work was finally completed but only after taking up the third phase of work. The whole exercise proved that the realities are different from theories.

### **Analysis and Testing of Results:**

The analysis involves converting a series of recorded responses in the questionnaires into descriptive statements and inferences about relationships.

The important steps followed in the analysis of this survey are-

1. Editing.
2. Coding.
3. Tabulating.
4. Using Statistical Tests.

The purpose of editing was to ensure that the data requested was present, readable and accurate. Since the questionnaire was mostly structured one, with a very few open-ended questions, the editing was not a very difficult task. The questionnaires found incomplete or illegible were rejected and were replaced by others, arranged in the next phase of the survey.

In the process of coding, a numeric code was assigned to each of the question pertaining to age group, sex, occupation, income group, monthly income group and marital status. Same was done for the answers to brand name questions, type of shop, usage purpose, usage pattern etc.

In the tabulation stage, the responses were recorded from the questionnaires to the “Master Chart”. Each row of it showed responses to one questionnaire and the different columns were meant for different questions. Two different master charts were prepared, one for each i.e. consumers and dealers. This information was further condensed on two charts called summarized tabulation sheets. These have been included in the annexure. This is a frequency chart showing the frequency of different answers by different segments of the market. Different columns represent the question number and the rows represent the codes of alternative answers, segment-wise.

This is followed by making individual tables for each aspect of the study and a few for cross analysis relating those aspects with background factors like age, income, sex etc.

For the purpose of drawing conclusions and testing of hypothesis, the Chi Square test has been used.

## CHAPTER 7

### Demand Analysis

### Demand Analysis

Assessing the market scenario, the consumers' attitude towards the herbal products and the following trends are first thing to be measured. The study selects the following items for the analysis in the area.

- Market share of leading brands.
- Usage pattern of these products.
- Use of home remedies and their role vis-à-vis branded products.
- Consumer attitude for herbal products.
- Herbal trends in these selected product categories.

The measurement of market share of the various brands is a simple and very common analysis used in market studies. It is crucial for both the existing players and the new entrants. It provides a benchmark to set targets and formulate strategies. The sales performance of a company relative to that of its competitors is best reflected by the market share analysis. It is not affected by the changes in the sales volumes, which are due to the environmental changes that affect all the firms equally. If the company's market share goes up, it is gaining on competitors; if it goes down, it appears to be performing poorer relative to competitors. But Oxenfeldt<sup>1</sup> points out that the conclusions from market share analysis are subject to certain qualifications-

1. The assumption that outside forces affect all companies in the same way *is often not true*.
2. The assumption that a company's performance should be judged against the average performance of all companies also is not always valid.
3. If a new firm enters the industry, then every existing firm's market share *may fall (again not necessarily equally)*.

---

<sup>1</sup> How to use Market Share Measurement; Harvard Business Review, Jan-Feb 1959, pg. 59-68, Oxenfeldt



4. Sometimes the decline in a company's market share is the result of a deliberate policy to improve profits.
5. Market share fluctuates for many other reasons.

In the present study, an overall market share of the leading brands has been measured for different product categories valid for the time the survey was conducted.

The measurement of market potential is crucial. A company wishes to minimize its costs in selling its products. Greatest efficiency results from directing a selling program to the market area where the potential market is the greatest and selling effort is most likely to produce volume sales.

Market potential measures the ability of a market segment to absorb the products of an industry in a specified period of time in which the industries' collective marketing effort has been extended to the maximum. Sherlekar<sup>2</sup> very precisely, analyses the concept in the following words-

"Market (Industry) potential (Demand) is a function (Result) of three variable factors-

- a) Aggregate or total purchasing power.
- b) Environmental variables.
- c) Marketing effort of all organizations offering the product."

The estimation of total purchasing power requires the analysis of the census data relating to the population characteristics, income and its distribution and the source and reliability of the income. The purchasing power is a general indicator of market potential for the consumer goods. It affects equally on all the industries producing goods and services for the consumers and hence it

---

<sup>2</sup> Marketing Management; Himalaya Publishers, Bombay, 1981, Sherlekar S.A.

is a matter of interest for the whole business community and does not have any special relevance for an individual industry.

The analysis of the environmental factors affecting market potential requires using a situational approach and it gives a different result for each of the industry. The market potential for a product is generally estimated in respect of the given environment assuming the highest possible level of marketing effort and the offers most favorable to the customers.

Bell<sup>3</sup> describes a number of methods for measuring market potential, of which the direct method using the past sales data is the most simple and common approximation of it but this method is seldom possible when adequate data are not available. Out of the indirect measurement methods available, survey method appears to be most practical. The commercial survey services are therefore commonly used for the purpose. The other indirect methods like market index, store audit, warehouse withdrawal data, chain ratio etc are not very relevant in Indian conditions. Therefore the present study resorts to the survey method.

### **Analysis Results:**

*Table 1. indicates the market position of the leading brands of the different product categories in both the herbal and non-herbal sectors.*

### **Soaps:**

With the listing of 25 brands, this category has quiet large number of brands. This is primarily to target consumers of all sections. Soaps are commodity of daily use and don't have any alternate for its use. Manufactures target market

their products to cater to needs of different class of people i.e. from low end to upper class customers.

As the Table 1S. shows, herbal brands in this category have clearly outnumbered non-herbal ones. The respondents report 14 herbal brands in usage, as against 7 non-herbal brands. Pears is the market leader in the herbal category with about 25% of respondents claiming its use, followed by Dove (12.1%), Cinthol (11.3%), Nirma (9.2%) and Liril (6.7%). While Pears and Dove cater to upper class, Cinthol, Nirma and Liril are moderately priced to target middle income group. This shows the herbal trend picking up in all sections of society in this category. Purely ayurvedic product of Chennai based Chodayil group-Medimix has also carved a niche for itself with 4.7% respondents marking its use. Margo and Neem, based on the auraptic properties of Neem are used by 4.2% and 3.5% respondents respectively. Other players in the herbal category are Rexona (3.1%), Breeze (2.4 %), Jai (2.1%), Hamam (1.4%), Santoor (1.0%) and Lime Fresh (0.7%).

In the Non-herbal sector Lux is the clear market leader with 71.9% respondents reporting its current usage. Hindustan Lever Limited<sup>4</sup> has floated various product variants to leverage the brand equity of Lux. Thus Lux was upgraded in quality with an increase in price and called Lux International. Its herbal variant is also launched in the market- Lux Rich and Nourishing with Honey. With its constant innovation and product upgradation, Lux is able to sustain its market leadership.

Around 14% of respondents use Savlon/Dettol soaps. These soaps offer antiseptic benefits. Dettol is marketed as a germ fighter. Other major players

---

<sup>3</sup> Marketing-Concepts and Strategy; Houghton Mifflin Co. Boston, 1978, Bell Martin L.

<sup>4</sup> Coping with New Markets; Business India, 18-31 March 2002, pg. 56.

are Lifebuoy (12.7%), Fair Glow (5.6%), Palmolive (4.9%) and Johnson's Baby Soap (1.1%).

There are several other players in the market like Camay, Moti, Denim, Doy etc which constitute a 16.6% share, as represented by the respondents in the survey. No local name appears in the whole list. This is again because of availability of soaps in every price and package, catering to every section. Major players have<sup>5</sup> come out with all variants and market penetration is already as high as 98 percent.

Table C1S. shows that in the herbal sector of soaps, people of A & B class cities prefer brands like Pears and Dove. Lime Soaps of Liril and Cinthol are also in vogue. Ayurvedic soap of Medimix, claiming to be constituted of 13 herbs has also find its place in A&B class cities. C-class cities of Amroha and Sambhal shows preferences for economical brands like Nirma, Cinthol, Neem and Liril. Pears has found substantial usage preference even in these C class cities. To test the significance of city-class difference in herbal brands, Chi-square test has been used which does not show any significant difference in the share of herbal brands (calculated chi-square value=5.62).

In the non-herbal sector Lux is the clear market leader in all class of cities as discussed earlier. 'Germ Fighter' Savlon/ Dettol are preferred more by A & B class cities as against more economical 'Health Protector' Lifebuoy in the C class cities.

Income wise Table I1S. shows that lower income group (Below 4000) gives their top preference for Pears. In the herbal category Pears is marketed as a soap that is gentle on skin. It has also launched its new variant in the market.

---

<sup>5</sup> Cinthol: Freshing Up; SD&TR, May 2002, pg. 11, Arti Sharma.

Although a bit expensive, still it is the choice of many respondents belonging to lower end. This clearly shows that these people are also becoming conscious about the skin care and are ready to spend on it. Other brands like Nirma, Cinthol, Neem etc are also reported to be much in use. In the non-herbal category, Lux is the clear leader in all the income groups, followed by Fair Glow and Lifebuoy in the low-income group. These soaps are target marketed for the lower income group and are accordingly priced and advertised. This shows that marketers need to train their guns and these people would go for even expensive brands, given the assurance of better skin-care.

In the group 4000-8000, again Pears finds the place as the most regular brand, followed by Nirma, Dove and Cinthol, in the herbal category. Usage rate of Dove again shows the raised awareness and willingness of the low middle income consumers to spend on skin-care. Dove is said to be half moisturizer and contains milk, to keep skin young and healthy. It is charging a heavy premium on its price. In the non-herbal category Lifebuoy and Fairglow are distant runner ups to the market leader Lux. Savlon/ Dettol also find limited usage in this and low income group. This also shows some health awareness among people belonging to these two categories, and soaps need to be accordingly manufactured and marketed.

In the middle-income group (8001-12000), on the whole herbal brands are less popular. Brands like Margo, Medimix, Nirma and Dove find limited usage. One thing that needs mentioned here is that ayurvedic soap of Medimix finds its usage only in low-middle and middle income groups. This holds a message for its manufacturers to broaden its base by putting synchronized efforts to include other groups as well. The non-herbal category shows increased usage of anti-germ brands of Savlon/Dettol. This reflects greater

health awareness in this group. Palmolive, a brand specializing in men's toiletries is also popular in this category.

In the upper income group (above 12000) Pears is again reported to be the leader in herbal category, followed by Dove, Cinthol and Rexona. Other brands like Liril, Breeze and Hamam also find good usage in this group. In the non-herbal category again Savlon/Dettol takes number two slot after Lux, followed by Lifebuoy and Palmolive. This shows this group's tilt towards skin care and better hygiene. Thus marketers need to market their soaps along these lines to this group.

The above discussion clearly shows that tastes and preference of these income groups are different and manufacturers need to formulate different products and strategies to cater these segments.

In the soap category, there are no local players as such, but a large number of brands are widely available in the market which makes choice open to consumers in a big way. Individually these brands do not matter much but collectively these form a huge chunk of the total soaps market, as evident from Table 1S.

### **Creams:**

As discussed for Table 3C, Creams find different usage purposes. This is to cater to these distinct needs of sun protection, fairness, general-purpose etc that marketers target their products. Thus overall cream market is highly segmented, such that brands fulfilling any particular need compete among themselves, rather than the whole creams market.

Table 1C. shows that in the herbal sector general purpose cream Ayur (66%) is the market leader. Fairness cream Fairglow (12.8%), ayurvedic creams of Ayurvedic Concepts (8.5%) and Shahnaz (4.3%), turmeric based Vicco (4.3%) and Biotique (4.3%) also find usage, although not largely.

In the non-herbal sector, Ponds (36%) leads the group, followed by fairness cream Fair & Lovely (21.8%), Lakme (19.9%) and Nevia (13.4%).

A city wise analysis of the result (Table C1C.) shows that on the whole, the consumers do not prefer herbal creams. Most of the respondents use non-herbal brands, though herbal trends are picking up. In the herbal category, Ayur is the most popular cream, as given by the respondents of all class of cities. Yet another cream which has made its presence felt in all cities is Fair Glow. Ayurvedic Concepts are yet to break the ice in C class cities of Amroha and Sambhal, while it has met with some success in B and C class cities. Another players, which cater mainly to upper end customers, are Shahnaz and Biotique. The chi-square test applied to the herbal brands, shows no significant difference city-class wise (calculated chi-square value=3.95).

In the non-herbal category, Ponds is the most trusted brand across all class of cities. It emerges as the clear leader as reported by the respondents across the cities. In A-class cities of Delhi and Chandigarh, Lakme and Nevia come close to heels with Ponds. Other important players are Fair & Lovely, Boro-Plus and Charmis. This gives an important clue to manufacturers. The market leaders (Ponds, Lakme and Nevia) are all-purpose creams. On the other hand trailing brands of Fair & Lovely (Fairness), Boro-Plus (Anti septic) and Charmis (Cold cream) are special purpose creams. Owing to the climatic conditions in North India, most popular creams are general-purpose creams. In the B-class cities also the trend is similar to A-class cities. Synergie fares better in B-class cities of Aligarh and Hardwar while C-class cities show a

totally skewed trend in favor of Ponds, Fair & Lovely and Lakme. Fairness cream Fair & Lovely is neck to neck with Ponds. This shows the obsession of fair complexion among the consumers of C-class cities of Amroha and Sambhal. Thus these cities hold great potential for marketers to promote fairness creams.

Table 11C. again shows that in herbal category Ayur is making inroads in every income group under study. Biotique has also made its entry into every income group though in a miniscule manner. Shahnaz is preferred only by upper income group (above 12000) and Fair Glow is a non-starter in low income group (below 4000). Vicco also is present only in two upper groups of 8001-12000 and above 12000. In the non-herbal category again, trends are similar with Ponds, Fair & Lovely, Nevia and Lakme being the most favored brands by all income groups.

Other brands are also popular across every category especially in the middle (8001-12000) and upper income (above 12000) groups.

### **Hair-Oils:**

Table 1H. shows that herbal brands are doing equally well with the non herbal brands in the Hair oil category. The home grown company of Dabur, which specializes in the herbal range, takes the major chunk of the market in herbal category, with its Dabur-Amla (44.8%) and Vatika (29.1%) brands of oils. Another major player in this category is Bajaj-Almond with 15.7% market share. Ayurvedic-Concepts (4.7%), Parachute/Nihar (2.3%) coconut-oils, Almond-Drop (2.3%) and Shahnaz (1.2%) take the back seat. Dabur's Vatika is also a coconut oil with added benefits of henna, amla and other herbs. This show that in herbal category, value added products are more cherished and successful. In the non-herbal category again value added product of



Hair&Care (Vitamin E) is the market leader with 43.3% respondents marking its use, followed by Clinic-Plus (25.6%) and Keo-Karpin (25%). All these three oils are light and non-sticky. Thus giving marketers a hint to position their products accordingly. Other players are Arnica (3%) which is a homeopathic hair oil with medicinal benefits, Himani (1.2%), Ultra-Doux (1.2%) and Sunsilk (0.6%).

In A-class cities (Table C1H.), coconut oils of Parachute/Nihar and Vatika are most favored, followed by Dabur-Amla and Bajaj- Almond in the herbal sector, while in the B-class cities the order changes with Dabur-Amla being most favored, closely followed by Parachute/Nihar and Vatika, Bajaj-Almond coming next. In C-class cities of Amroha and Sambhal again Dabur-Amla is the leader followed by Vatika and Bajaj-Almond. There is no other herbal player in these cities of Amroha and Sambhal. In this category, there is a significant difference in the usage of herbal brands in different city-classes (calculated chi-square value=69.21). B-class cities are more prominent in herbal brand usage while C-class cities show least trends.

Coming to the non-herbal category, hair-oil Clinic-Plus and Keo-Karpin are most favored in all class of cities with Ayur making greater success in the third category. Local and other brands also play significant roles in A and B class of cities while none of these registering usage in the C-class cities in the survey.

Income wise (Table I1H.), two brands of Dabur (Amla and Vatika) together form major share of the market across every group in the herbal category. Pure coconut oils of Parachute/ Nihar are reported more in usage by the upper end groups (8001-12000 and above 12000). Ayur has also taken advances in the middle income groups of 4000-8000 and 8001-12000. Purely

ayurvedic brands of Shahnaz and Ayurvedic-Concepts mark their presence only in high-income group (above 12000). Coming to the non-herbal category three brands of Hair-Care, Clinic-Plus and Keo-Karpin form majority of share in all the income groups.

Natural oils like Til, Sarson, Zaitun etc and various other brands also fare well, especially in the high-income group.

### **Shampoos:**

In this product category majority of the brands in usage are non-herbal with only a few national herbal brands (Table 1P.) namely Ayur -market leader (55.3%), Vatika (23.4%), Nyle (18.1%) and Ayurvedic-Concepts (3.2%), reporting its usage. In the non-herbal sector Clinic and Sunsilk are the market leaders with 28.4% and 27.2% market shares respectively, followed by Pantene (13.4%), Head & Shoulders (11%) and Chik (9%). These top five brands form majority of the market share.

In herbal category, A and B class cities show similar trend (Table C1P.) with Ayur being the market leader in both of them followed by Vatika, Nyle and Ayurvedic-Concepts while C class cities of Amroha and Sambhal report use of only Vatika and Ayur. In the non-herbal sector, Clinic, Sunsilk, Pantene and Head & Shoulders are more preferred by people in A & B class cities. The trend is similar in C class cities, with only Head & Shoulders not figuring in the list. Homeopathic brand Arnica registers some success in C class cities of Amroha and Sambhal. There are various other brands reporting their usage in all class of cities. Chi-square test shows no significant difference across different city-classes in the usage of herbal brands (calculated chi-square value=4.53).

Income wise (Table I1P.) there is a similar pattern coming up in all the groups in herbal category. The difference being that only high income group (above 12000) marks use of Ayurvedic-Concepts. There are less number of brands used by lower income group than by the upper end people. Brands like Johnson's, Ultra-Doux, Revlon, Garnier, Biotique are used by high-income group (above 12000) only. While brands of Clinic, Pantene, Sunsilk, Head&Shoulders, Chik are popular across all sections of people. Lux is more in demand with lower income groups, in comparison to higher ones.

### **Tooth Pastes:**

Babool, with 42.6% market share (Table 1T.) is the market leader in herbal category, followed by Misvak (20.6%) and Colgate-Herbal (19.1%). Balsara and Promise also show some success in this category with 11.8% and 5.9% shares respectively. While on the non-herbal side, Colgate is the market leader with a massive 40.4% market share. Other important brands are Pepsodent (33.4%) and Close-Up (22.7%). Aquafresh and Forhans also report some usage. There are various other brands also in the market.

Table C1T. shows that herbal brands are more popular in the C class cities and mark less presence in the A-class cities. There is a significant difference in this category, across different city-classes in the use of herbal brands. These are more used by the consumers of the C-class cities, followed by B-class and the trend is least in A-class cities of Delhi and Chandigarh (calculated chi-square value=28.52). In the non-herbal sector, Colgate, Pepsodent and Close-up form majority of market share in every city under study.

Income wise (Table I1T.) also, herbal brands (mainly Babool and Colgate-Herbal) are reported more in use by lower end groups (below 4000 and 4000-

8000) than the upper class people, while coming to non-herbal ones, again Colgate, Pepsodent and Close-Up form major chunk of the market across every section of the society. There is no significant difference among the reported usage income wise.

*After assessing the market in terms of market share of leading brands in each product category we come to see the usage pattern for these products across different sections. Table 2. and Table C2. give the usage pattern of different products productwise and citywise respectively.*

### **Soaps:**

Soaps are used regularly (Table 2S.) by most of the users in all cities of Amroha, Sambhal, Aligarh Hardwar, Chandigarh and Delhi. Owing to usage pattern of basically rural consumers, the C-class city of Sambhal reports around 90% regular users. Rest all other cities in each class, show 95% and above penetration, to the extent that another city of same class i.e. Amroha reports 100% regular usage of the soaps. Given the utility of soaps and its availability in all sizes and price range, it has become a thing of daily use.

Companies float all kinds of soaps, from premium to popular to economic range to tap the market, as is previously discussed, large number of brands are available in this category. This is primarily to target consumers from lower end of the people to the upper class. For example HLL has floated low priced Lifebuoy to cater to lower end and also Lux for the middle and upper sections of the people. Same is the case with most of the national players, both domestic and foreign. Chi-square test shows no significant difference among the usage pattern of soaps (calculated chi-square value=0.27). More than 90% of users in every city are regular users.

This is the reason that usage pattern is similar in this category income wise (Table 12.). The 4000-8000, 8001-12000 and above 12000 groups report 98.5%, 100% and 97% regular usage respectively. It is only the below 4000 income group that reflects below 90% regular usage of soaps. This is again primarily due to the habitual pattern of the people belonging to this category.

Lesser product penetration in C-class city of Sambhal and lower income group which in turn again indicates towards these semi-urban cities, holds a message for the marketers. It is towards these cities that they can target their efforts to increase sales. Urban markets getting almost saturated in soaps category, the C class cities and the likes i.e. semi-urban and rural areas hold potential for further growth.

Studies can be further conducted to ascertain the tastes and preferences of these people to tailor make the right kind of product and along with proper pricing and promotional strategies, these markets can be used to leverage ones sales and profitability.

### **Creams:**

As evident from the statistics (Table 2C.), regular use of creams is less in C-class cities of Amroha and Sambhal (about 27% and 33% respectively) as against more regular use in A-class cities of Chandigarh (49%) and Delhi (62%) and B-class cities of Aligarh (61%) and Hardwar (63%). Chi-square test also confirms the difference to be significant across different city-classes with the calculated chi-square value=12.79.

It is the middle income group (Table 12C.) of 4000-8000 and 8001-12000 that reports greatest regular usage of creams (64.7% and 53.6% respectively) than the upper (40.6%) and lower (44.4%) income groups. This clearly shows

greater focus of middle class on skin care. This middle class<sup>6</sup> is getting more fashion conscious and has greater spending power after the advent of liberalization. Especially the fairness cream market<sup>7</sup> is the fastest growing in India.

Again, the semi urban, C-class cities hold large potential for growth. The rare and casual users can be converted into regular users by raising awareness levels. Campaigns can be initiated to educate these people for better care of their skin. Even B and C class cities can be targeted to increase greater usage of creams and convert non-users into users.

### **Hair-Oils:**

Most of the users in all the cities (Table C2.) are regular and casual users. Around 15% of the respondents use hair-oils rarely. The cities of Amroha and Delhi show (Table 2H.) around 60 percent (59% and 60% respectively) regular usage of hair-oils. While regular usage in this particular product category is similar in Sambhal (45%) and Chandigarh (43%) on one hand and Aligarh (39%) and Hardwar (33%) on the other. This clearly reflects the mixed usage pattern, irrespective of the kind of city. Therefore, chi-square test does not show any significant difference in their usage across different city-classes (calculated chi-square value=2.58).

This is basically due to users' belief and preferences. Many people simply limit the use of hair oils because they think they are doing well without it. While many others cannot afford to leave their hairs dry because of sheer need of maintenance and style. Skin/hair type is also crucial factor that determines the usage pattern of hair-oils. Certain people find their hairs dry

---

<sup>6</sup> Redefining Mass Cosmetics; Economic Times, Brand Equity, 2 July 1997, pg.3, Sabiha Hussain.

and suffer from dandruff, and use hair-oils regularly as a remedy or treatment of hairs. Some people occasionally massage their head to find relief from stress as it increases blood circulation and is also good for hair roots. Many people perceive hair-oils as a nourisher for their hairs.

Same is the case with people of different income groups (Table 12.). 44.1% people of higher income group use hair-oils regularly as 51.8%, 41.2% and 51.9% people report its regular usage in the income groups further down, respectively. Overall, results indicate that the hair-oils market still holds a lot of potential for growth. Marketers can target problem specific hair-oils and increase sales by advertising it to relevant user groups in each kind of demographic area.

### **Shampoos:**

The regular users of shampoos (Table 2P.) in the cities of Amroha, Sambhal, Aligarh, Hardwar, Chandigarh and Delhi are 59%, 45%, 63%, 58%, 55% and 68% respectively. This shows more or less a similar level of product penetration with most of the cities having regular usage of above 50%. The only exception is the C-class city of Sambhal (45%). Also, Sambhal shows highest percentage of rare users (7%). This shows that while some of the semi-rural areas have caught up with the urbanized counterparts, but some still lag behind. These cities can be used by the companies to increase their sales by converting rare and casual users into regular users. This again calls for educating these consumers on the product advantages by using effective communication tools. In case of hair care, shampoos have to fight mainly soaps. Many people, especially in rural and semi rural areas use hair soaps and even toilet soaps for hair-care. Although the figures (Table 2P.) indicate

---

<sup>7</sup> A personal Products Giant in Making; Financial Express, 13 February 1998, pg.12, Namrata Singh.

that shampoos have made deep inroads into every city, it is only the usage that is to be increased in the consumers. Thus marketers can induce campaigns to this effect, so as to increase sales. This category differs significantly in their usage pattern in different city-classes (calculated chi-square value=11.94).

While going for the income-wise analysis (Table 12.) of the data, it is the low-income group (below 4000) that shows the least level regular users (22.2%). Other income groups show almost 60 percent of regular usage (61.7% for the 4000-8000 income group, 60.7% for the 8001-12000 and around 57% for the above 12000 income group).

Thus marketers need to introduce smaller and economical pack sizes of the product to target these low-income consumers. Already various kinds of innovative packaging is introduced in this product category, 'sachet' being the most vital of them. Thus, Rs.2 and Rs.1 sachets are widely available. To the extent that Clinic Plus has recently come up with its 50paise, even smaller sachet.

### **Tooth-Pastes:**

B and C class cities (Table 2T.) of Hardwar, Aligarh, Chandigarh and Delhi show 100 percent regular usage of tooth-pastes. It is in the C-class cities of Amroha and Sambhal that we find 8.2% and 4.8% casual users respectively. City-class wise chi-square test shows no significant difference in usage (calculated chi-square value=0.846). This is due to the reason that such areas have greater usage of tooth powder for tooth-care. This is why brands like Colgate, Forhans, Pepsodent etc have come up with their powder variants to tap these markets. Also there are several local brands like Bandar-Chhap,



Musa-Gul etc which mark their presence mainly in lower income group in such areas.

A look at Table I2. points in this direction. It is in the income groups below 4000 and 4000-8000 that we find 5.5% and 4.4% casual users of tooth-pastes. However, this percentage is too small and limited to target in a big way. Overall percentage of regular users in the cities denotes that the only way to increase the sale is by inducing more product usage. Companies can promote use of toothpaste twice (morning and night) or even thrice (morning and after each meal) a day.

*What 'purpose' do the consumers resolve by using these products is the next thing to be accomplished. This would definitely give a manufacturer/marketer an insight into the consumer behavior.*

### **Soaps:**

On the whole, 'cleanliness' is the most important usage purpose of the soaps (Table 3S.). Being the only alternate to keep body clean on regular basis, it is used for hand wash, face wash and cleaning whole body while taking bath.

Next important factor comes 'freshness'. Owing to the climatic conditions in India, this factor is a natural runner up, as a whole. Northern India, where to our study is confined is hot and humid almost three fourth of the year. This causes lot of sweat, especially during daytime. Thus consumers look up for this quality in a soap so as to feel fresher after a bath. Godrej market its 'Liril Lemon' on this account.

Same is the case with the 'anti-bacterial' property of soaps. Sweat and dust are breeding ground for germs, causing itching and various skin diseases.

Thus consumers look up to soaps for overall protection. 'Dettol' and 'Savlon' claim to give 100% germ free bath.

Next important factor is 'skin care'. With the coming of winters, skin gets dry. If proper care is not taken it loses its grace and even gets rashes. Certain soaps like Dove, Pears etc claim to be soft on skin and help retain its moisture.

Income wise (Table I3S.), high (above 12000) and low (below 4000) income groups give top preference to cleanliness, freshness and anti-bacterial properties of soap in same order. In the 8001-12000 income group top priority goes to the anti-bacterial property followed by cleanliness and freshness, while the 4000-8000 group keeps freshness at number one, cleanliness comes second and anti-bacterial properties takes the third seat.

We can safely infer that these three usages of cleanliness, freshness and anti-bacterial are the most sought after by all consumers, with variations in priority order across different income groups. Thus marketers should concentrate around these to add these benefits to the product and then effectively promote around it.

### **Creams:**

On the whole, 'protection against sun' is the most important factor for using creams (Table 3C.). Women in India are no longer confined to housework. They go out to college and work place together with men. And the figures show the increasing awareness of harmful effect of ultra-violet rays of sun. They make skin tan and dull. Even men are increasingly becoming aware and put it at top on the priority list (Table G3C.).

Next important usage of creams is as 'moisturizer'. This finds application mostly in winters. Brands like Lakme and Ponds have come up with their moisturizing lotions to cater to this particular need. These creams are more fluid, containing agents to protect the skin from dryness caused by winters. They form a thin layer on skin and help retaining the moisture of skin, making it soft and gentle. These have application both for face and other body parts that are exposed to cold.

Third factor comes as 'glowing skin'. India is a vast country with diverse culture. Also in Northern India, people of different races, having different skin types are found. Even people of same family differ in complexion and skin type. Owing to the inherent human psychology of looking good and staying young, glowing skin plays a major role. Various home remedies are also prevalent to retain that vibrant glow on the face.

Fourth factor is general 'skin care'. This calls for protecting skin against harmful effect of sun, dirt, smoke, pollution etc. Urbanization has brought with it various health related problems, skin being one of them. Thus, people are now becoming more aware about the general up-keep of their skin, especially the exposed parts like face, hands etc. Application of creams is the most easy and effective protection of the skin.

Then comes the factor of 'looks'. Be it India<sup>8</sup> or any part of the world, good looks are always desired by everybody, male or female, belonging to any age. Cream manufacturers are also marketing their products to cash on this human psychology. They are putting ingredients in creams that nourish the skin like kesar, turmeric etc. Scientific innovations are also in vogue to increase fairness, protect from sun, remove wrinkles etc. Various anti-aging

---

<sup>8</sup> SD&TR, May 2000, pg.3.

creams are available in the market, claiming to slow down the process of skin wrinkling.

Companies can make investment in research and development, for nothing impresses the consumers better than a genuine product offering with one or more of the above-discussed benefits.

A look at Table G3C. shows that men are also becoming conscious of their skin and are fast catching up with the fairer sex. Although women are more concerned about their skin care, but the gap is fast diminishing.

This sends a very important message for the marketers. It is no longer a woman's domain, but increased consumer base calls for more technological inputs and making men specific products. Thus many brands like Denim specializes in men's toiletries.

Table I3C. shows that people in higher income groups are more conscious about their skin care than middle and low income groups. Also the usage priority varies across different income groups. High-income (above 12000) people put 'sun `protection' on top priority while low income (below 4000) group prefers 'looks' over every other property.

Thus marketers must direct the creams to different class of people highlighting these different qualities and pricing the product accordingly. A different promotion and advertising need to be done to tap different group effectively.

**Hair Oils:**

Categorically 'nourishment' is the most important factor for using hair-oils (Table 3H.). Hair care is mostly dependent on the care of scalp- skin and the hair-roots. Applying hair-oils to head gives a massage, which increases blood circulation, making hair roots strong and healthy. However, certain natural ingredients like amla, almond oil, reetha etc are perceived to nourish hair roots. Marketers are putting these extracts to hair-oils to create value-added products. Thus markets are thronged with various hair oils containing things from henna, lime to vitamin-E, perceived to be good hair nourishers.

Next important factor comes as 'antidandruff'. Many people suffer from this problem which ultimately leads to hair loss. Dandruff is very harmful for hairs and is defined as dead-cells emanating from the scalp skin, by the doctors. It makes hair dry, stiff and weak from the roots causing baldness. Thus marketers are adding certain antidandruff supplements, both herbal and chemical to hair oils to sell their product. Clinic-Plus has put its USP (Unique Selling Proposition) in this cause and markets its product totally as antidandruff.

Then comes the factor of 'shiny looks'. Shining, smooth hair improves the overall looks of a person and upgrades him/ her aesthetically. It signifies good health, and improves ones personality. On the contrary dull, stiff hairs give a poor impression and even effects self-esteem and confidence.

Many people use hair-oils for 'hair growth'. As discussed earlier, hair-oils are perceived to give nourishment to hair roots. This leads them to believe that applying hair oils gives better hair growth. It is a factor more prominently sought by the fairer sex (Table G3H.).

Many people have a dry scalp skin, making it more prone to dandruff and make hairs hard and stifle. Applying hair-oils removes this dryness and makes hair soft, thus accounting for the 'soft hair' as given by the respondents.

The above discussion explains the reason of scattered usage pattern across various class of cities, as discussed in Table 2H. It is on these personal preferences that in turn arise due to different personality types that determines the usage role and type of hair oils selected by the consumers.

Thus marketers need to assess the market for each hair-oil type and accordingly introduce products suiting the particular need of the consumer. This study is helpful for them to determine its product type and position it in the market.

Income wise there is large variation in the usage purpose preferences (Table 13H.). Lower income group (Below 4000) mostly seeks the benefits of soft-hair, hair-growth and antidandruff from hair oils while the upper (Above 12000) and middle income group (4000-8000) go basically for nourishment, shiny looks and anti-dandruff. The fourth group (8001-12000) seeks antidandruff, hair growth and soft hair in same order.

Thus marketers need to differentiate their products accordingly and based on the preferences of each income group need to tailor make their products.

As Table G3H indicates usage of hair oils is greater in females. However more males use hair-oils as remedy for dandruff than females. Nourishment is the most important factor for both the sexes.

Thus marketers need to cater to this need to consumers as perceived by them.

### **Shampoos:**

In this category also 'cleanliness' factor is the top scorer (Table 3P.). The dead cells coming from the scalp and dirt and dust needs constant removal for hair care. Shampoos are an effective way of regular hygiene of the hairs.

'Dandruff' as discussed earlier is a growing menace. It comes up again and again and needs constant care. Various anti-dandruff shampoos like Clinic, Head & Shoulders etc have come up in a large way to tackle this problem. Even the herbal variants of the likes of Dabur-Vatika are available in the market which claim to be free of chemicals and work on the problem in an effective way. Purely ayurvedic formulation from Himalaya Drug Company- 'Ayurvedic-Concepts' has also arrived in the market. HLL has come up with its 'Ayush' brand of shampoo.

'Good looks' and 'soft hair' are same as discussed previously.

Yet another property of shampoo is 'anti fungal'. Many people suffer from fungal hair problems, which ultimately results in hair loss. Doctors recommend specialized medicated shampoo like Selsun to treat it. These shampoos cater to the need of specific consumers. Owing to the large Indian population, living in diverse climatic conditions, this market holds a lot of potential.

Thus manufacturers need to formulate problem specific shampoos to cater to various segments usage wise.

Income wise there is no significant difference in the usage priorities of the consumers surveyed (Table I3P.). However shampoos find more usage in the higher income groups than the lower ones.

Thus marketers can target these lower income groups for increased usage of shampoos and induce its regular usage to increase sales.

### **Tooth Pastes:**

'Cleanliness' of teeth is the most important factor figuring out in the survey (Table 3T.). This is the basic purpose that is sought by regular use of toothpaste. All major problems of teeth come from improper hygiene of mouth. The food particles remain stuck to teeth and the gaps in between. These start decaying if not brushed out regularly, on daily basis. These are breeding grounds for bacteria, which destroy the protective enamel of tooth resulting in various problems like tooth decay, cavity, gum problems, bad breath etc.

Next comes 'gum protection'. Strong gums are vital for strong and healthy teeth, as they firmly hold up the roots of teeth. Germs and bacteria make them weak and their grip is loosened resulting in gum bleeding and premature falling of teeth.

Cavities are formed when bacteria feeding on food particles eat away the protective tooth enamel. Once this protective wall is destroyed the tooth becomes hollow and starts hurting, to the point that the only solution is removal of tooth. Thus, 'cavity prevention' also scores high in the survey. Marketers are advertising their product to cater to this specific problem, especially among the kids.



The decayed food particles also produce bad odour resulting in bad breath. Thus tooth-pastes are also used to prevent 'bad breath'. Many brands like Close-Up claim to have breath freshener in them, which not only stops bad breath, but also freshens it up. 'Taste' and 'flavour' are secondary factors in usage purpose of tooth-pastes as evident from Table 3T.

Analysis of Table 13T. shows some interesting facts that can be used by marketers to position their product. Income wise consumers are divided into two clear categories. Above 12000 and 8000-12000 income groups show similar usage preferences with cleanliness, cavity prevention and gum-protection being most important. While other two groups of 4000-8000 and below 4000 mark cleanliness, gum protection and fresh breath as their top priorities. Thus marketers can include these properties in the tooth-pastes and accordingly advertise them to target these groups differently.

Also it (Table 13T.) shows that the use of tooth-pastes is less in low income groups in comparison to higher ones. Thus these low-end people can be targeted to adopt and increase product usage to increase sales.

*Then we assess the role of herbal remedies as against branded products available in the market.*

There are various herbal home-remedies which people use for their skin, hair and dental care. First we identify the type of these used by the consumers. This also gives the idea, so as to how much these are in use. Secondly we compare their usage with the branded products available in the market and try to gauge whether these home-remedies are supportive or in competition with the branded herbal products.

Table C4. projects a distinct scenario in each city vis-à-vis use of home remedies against branded products. However, the chi-square test shows no significant difference across cities (calculated chi-square value=3.17). India's rich tradition, supported by Ayurveda offers vast range of home remedies for skin-care, hair-care and tooth-care as well. On the whole around 50% of the respondents use home remedies as a supplement to the branded products i.e. they use both home remedies as well as branded products for their up-keep. While about 20% of them report using home remedies as a substitute to the branded products i.e. they suffice on home remedies to take care of their skin, hairs etc. While about 30% say that they use home remedies out of habit i.e. they make use of home remedies irrespective of branded products.

This holds a great message for the marketers as clearly the respondents show a bend towards the herbal remedies and confirm their faith in these. Marketers can convert this into an opportunity by continuously making innovations by combining the 'Tradition' with 'Science'. A case in point is Hindustan Lever Limited's recently launched Shampoo- Ayush<sup>9</sup>. Its sachet lists all the herbs it contains and their respective benefits. It has stressed its combination of Ayurveda with Science. The message goes as -"Arya Vaidya Pharmacy, Coimbatore has endorsed the Ayurvedic purity of Ayush, Hindustan Lever has ensured Herb-to-Home quality and scientifically verified its efficacy". It further states-"Extracts of Rosemary, Tulsi, Neem, Shikakai, Amla and Heena in Ayush destroy dandruff and provide deep nourishment of the scalp".

---

<sup>9</sup> Sachet of HLL's Ayush Shampoo.

Each 5ml contains extracts:

Rosmarinus Officinlis (rusmari)	103 mg	Destroys dandruff
Azadirachta indica (neem)	5.15 mg	Protects from germs
Ocimum sanctum (Tulsi)	5.15 mg	Protects from germs
Acacia concinna (Shikakai)	5.15 mg	Conditions hair
Phyllanthus emblica (amla)	5.15 mg	Strengthens hair
Lawsonia inermis (henna)	5.15 mg	For healthy shine

Thus companies are feeling the need to cash in on buyers herbal impulse and realize the huge potential as is evident from the survey.

An interesting trend that comes up from Table G4. is that more men use home remedies out of habit than women. This shows the increasing consciousness among men of their skin and hair care. All the female respondents use home remedies, although about 12% men don't use these home remedies at all. On the whole these home remedies are in greater use among women.

Income wise also these home remedies are prevalent in all the groups (Table 14.). The trend is more among low and middle-income groups, as evident from Table. 11 respondents (10.5%) don't use home remedies in the high-income group (Above 12000). This percentage becomes negligible in middle income groups (8001-12000 and 4000-8000) and nil in lower group (Below 4000). The calculated chi-square value=22.84 which shows significant difference among different income-groups.

Table A4. shows that the use of home remedies is large in the below 25 years age group. A number of people in the age group 25-35 use home remedies as a supplement to branded products and out of habit, although 4.4% and

8.4% respondents don't use the home remedies in the age groups below 25 and 25-35 respectively. The use of home remedies is also rampant in the age groups 35-45 and above 45. The chi-square test shows significant difference in the use of home-remedies across different age-groups, with calculated chi-square value=50.67.

Above situation gives ample weight to the point that herbal is the thing in place among all cities, all income and age groups and both the sexes. Thus marketers need to convert this opportunity into big profits, by giving consumers the herbal benefits with ease of science.

*Then an attempt is made to know the consumers' preferences (in terms of herbal products) for all product categories chosen, by giving them a choice between herbal and non-herbal to pick up a brand name of their choice. For this two pairs each (with one herbal and one non-herbal brand) has been constructed in each category, one from lower end and one from premium. The results are as follows (Table 5)-*

### **Soaps:**

In this category, given the choice between herbal and non-herbal brands, overall preference goes towards the herbal brands of Neem (85.3%) and Pears (64.2%) as against non herbal brands of Nirma and Lux respectively. This clearly shows that consumers are not only conscious about the herbal brands in this category, but also trust these herbal remedies for better up-keep of their skin. They seek the twin benefits of skin-care and personal-hygiene through soaps. The manufacturers need to produce herbal variants of the soaps to satisfy consumers. This is the reason that many popular brands like Lux have come up with their natural/herbal twins to meet this market need.

**Creams:**

In this category non-herbal brands of Lakme and Ponds are preferred by the respondents with 59.9% and 55.4% going for these respectively. Although Ayur and Shahnaz also hold sizeable preference. This shows that the herbal trend is picking fast in this category also. In India, this is especially because of Ayurveda. Lot many companies (like Dabur, Himalaya Drug Company etc.) are coming up which base their formulations on ayurveda and are gaining trust. The Shahnaz Hussain makes the case in point and has won accolades worldwide. Even the trusted brand of fairness cream Fair&Lovely has launched its ayurvedic variant. Thus consumers' perception is fast changing and ayurveda has given a boost to this trend.

**Hair-Oils:**

In this category also, herbal brands have outdone non-herbal brands. Given the choice, 56.8% and 65.4% respondents have opted for herbal brands of Hair&Care and Dabur-Amla respectively as against Clinic-Plus and Keo-Karpin. This is mainly because these herbal are perceived to provide nourishment to hairs and this factor is most cherished by people as evident from Table C6P. Non herbal brands are used mainly for styling hairs (because of their non-stickiness) or for some specific hair related problems (like dandruff). But the herbal brands are trusted for general up-keep and health of hairs.

**Shampoos:**

In this category non-herbal brands of Sunsilk and Head & Shoulders are in lead with 56.4% and 59.2% respondents opting for these respectively against herbal brands of Ayur and Vatika. The major use of shampoos is for cleansing

scalp off dandruff, which occurs again and again. The non-herbal (synthetic) brands are more trusted for this, because new scientific break-through like ZPTO and other chemicals are perceived to be more effective solution for dandruff. However, here also herbal brands have come a long way and are competing neck-to-neck with these powerful MNC brands. This shows again, the growing faith of Indians in their home grown herbal products. Thus there is vast opportunity for companies to explore the herbs and effectively translate their benefits into a modern offering by combining it with science, as discussed earlier. HLL has done exactly this with its recent launch of Ayush shampoo.

### **Tooth Pastes:**

In this category also herbal brands have set in a big way. More in the economy brand of Babool (60.6%) than the premium brand of Colgate Herbal (49.1%). Consumers' preference is fast changing towards the herbal brands and big guns like Colgate is fast adapting to trends by launching its herbal variant-Colgate Herbal. In this category also, companies can not afford to ignore this trend for long.

*To further scrutinize the respondents in terms of their perception regarding the branded herbal products in the market, a ten-sentence frame containing pro and anti herbal statements is formulated. This is then analyzed across the cities, age-groups and income-groups.*

Table C6. clearly shows the herbal trend picking up in all the cities. The positive aggregate figures show that on a five point scale from -2 to +2 all the cities have had a positive transformation in favor of herbal formulations offered in the market. An interesting thing to be noted here is that this trend is

at the early stage of its development. This leaves marketers with a lot of space to further spruce up the things and make them work to their advantage by offering new scientific herbal formulations. Indian companies specializing in Ayurveda (Dabur, HDC etc) need to take special notice of it.

Table A6, shows similar trend among all the age groups. Here also the data goes in favor of herbal products. People from all age groups have started appreciating these herbal products for better up-keep of themselves and their skin/ tooth care.

Table I6. produces same results for all income groups i.e. the herbal trend is percolating through all people irrespective of their class.

*Finally, the dealers' views are also included to oversee the herbal trends in the market in the respective product categories.*

Table C7 gives dealers' perspective of the herbal trends in the respective categories. City class wise, as is evident herbal trend is picking up in all the categories, across all cities surveyed in the study. An interesting fact that comes out is that this trend is more in the C class cities, followed by A class cities and then B class cities. The only exception being Tooth-Pastes, where A class cities surpass the herbal trend in C class cities only marginally.

As reported by the dealers, the herbal trend is found to be almost similar in all the product categories (Table 7.1). However there are minor leads taken by Tooth-Pastes, followed by Creams, Shampoos, Hair-Oils and then Soaps. The chi-square test shows significant difference in the herbal trend across different city-classes in all the product categories (calculated chi-square

values-Soaps=30.79; Creams=16.44; Hair-Oils=38.38; Shampoos=18.51; Tooth-Pastes=6.11)

This confirms our faith in the herbal trends gaining pace in all product categories across all cities under study. Thus manufacturers need to take note of the situation and roll out the products with greater emphasis on the herbal remedies. The fast changing perception of the North Indian (where this survey is conducted) consumers and throughout India in general, towards these herbal products calls for greater research in these herbal formulations and producing quality products to compete with the mighty MNC brands.



# Market Analysis

Table 1S				
Soaps				
S.No.	Herbal	%	Non Herbal	%
1	16.Pears	70	28.2 3.Lux	203
2	21.Dove	34	13.7 20.Savlon/Dettol	40
3	4.Cinthol	32	12.9 7.Lifebuoy	36
4	5.Nirma	26	10.5 2.Fair Glow	16
5	12.Liril	19	7.7 13.Palmolive	14
6	22.Medimix	14	5.6 25.Fair&Lovely	4
7	15.Margo	12	4.8 24.Johnsons	3
8	18.Neem	10	4.0	
9	8.Rexona	9	3.6	
10	11.Breeze	7	2.8	
11	10.Jai	6	2.4	
12	14.Hamam	4	1.6	
13	19.Santoor	3	1.2	
14	1.Lime Fresh	2	0.8	
Total		248	Total	
23.Local/Any Other		47	Total	
			316	

Table 1P				
Shampoos				
S.No.	Herbal	%	Non Herbal	%
1	7.Ayur	52	55.3 3.Clinic	95
2	5.Vatika	22	23.4 2.Sunsilk	91
3	8.Nyle	17	18.1 1.Pantene	45
4	14.Ayurvedic C	3	3.2 4.H&S	37
			9.Chik	30
			13.Ultra Doux	10
			11.Johnsons	8
			6.Lux	7
			17.Revlon	6
			16.Biotique	3
			15.Garnier	2
			10.Arnica	1
Total		94	Total	
9.Local/Any Other		32	Total	
			335	

Table 1C				
Creams				
S.No.	Herbal	%	Non Herbal	%
1	1.Ayur	31	66.0 3.Ponds	137
2	8.Fair Glow	6	12.8 2.Fair&Lovely	83
3	15.Ayurvedic C.	4	8.5 4.Lakme	76
4	13.Shahnaz	2	4.3 7.Nevia	51
5	16.Vicco	2	4.3 14.Synergie	13
6	17.Biotique	2	4.3 5.Boro Plus	8
			6.Charmis	7
			12.Vaseline	4
			11.Oriflame	2
Total		47	Total	
9.Local/Any Other		36	Total	
			381	

Table 1H				
Hair Oils				
S.No.	Herbal	%	Non Herbal	%
1	2.Dabur Amla	77	44.8 1.Hair&Care	71
2	4.Vatika	50	29.1 3.Clinic Plus	42
3	6.Bajaj Almond	27	15.7 8.Keo Karpin	41
4	15.Ayurvedic C.	8	4.7 9.Arnica	5
5	7.Parachute/Nih	4	2.3 12.Himani	2
6	10.Almond Drop	4	2.3 14.Ultra Doux	2
7	13.Shahnaz	2	1.2 5.Sunsilk	1
Total		172	Total	
9.Local/Any Other		21	Total	
			164	

Table 1T				
Tooth Pastes				
S.No.	Herbal	%	Non Herbal	%
1	5.Babool	29	42.6 1.Colgate	162
2	7.Miswak	14	20.6 3.Pepsodent	134
3	10.Colgate Herb	13	19.1 2.Close Up	91
4	12.Balsara	8	11.8 6.Aqua Fresh	8
5	8.Promise	4	5.9 8.Forhans	5
			4.Anchor	1
Total		68	Total	
9.Local/Any Other		21	Total	
			401	

**Citywise**

**Table C1S**

<b>Soaps</b>	<b>A- Class      Score</b>				<b>B- Class      Score</b>				<b>C-Class      Score</b>			
<b>Herbal</b>	I	II	III		I	II	III		I	II	III	
1.Lime Fresh	0	0	0	0	0	0	0	0	0	0	0	0
4.Cinthol	3	4	1	18	1	2	5	12	5	9	2	35
5.Nirma	0	2	0	4	0	0	1	1	11	8	4	53
8.Rexona	2	2	2	12	1	2	0	7	0	0	0	0
9.Nikhar	0	0	0	0	0	0	0	0	0	0	0	0
10.Jai	0	0	1	1	2	0	3	9	0	0	0	0
11.Breeze	1	1	0	5	3	0	0	9	0	2	0	4
12.Liril	1	0	4	7	1	5	4	17	2	0	2	8
14.Hamam	0	2	0	4	2	0	0	6	0	0	0	0
15.Margo	2	0	2	8	3	0	3	12	2	0	0	6
16.Pears	9	9	5	50	13	6	7	58	6	11	4	44
18.Neem	0	0	1	1	0	2	0	4	1	4	2	13
19.Santoor	0	0	0	0	2	1	0	8	0	0	0	0
21.Dove	3	7	3	26	10	2	3	37	0	3	3	9
22.Medimix	1	5	1	14	0	7	0	14	0	0	0	0
<b>Non Herbal</b>												
2.Fair Glow	1	4	1	12	0	3	0	6	7	0	0	21
3.Lux	44	16	5	169	46	17	1	173	48	24	2	194
7.Lifebuoy	2	3	2	14	0	8	5	21	5	3	8	29
13.Palmolive	6	2	3	25	0	3	0	6	0	0	0	0
20.Savlon/Dettol	6	4	2	28	7	10	4	45	4	1	2	16
24. Johnsons Baby	2	0	0	6	1	0	0	3	0	0	0	0
25.Fair&Lovely	0	2	0	4	0	0	0	0	0	0	0	0
23.Local/Any Other	9	5	3	40	5	4	3	26	0	11	7	29

**Citywise**

**Table C1C**

<b>Creams</b>	<b>A- Class      Score</b>				<b>B- Class      Score</b>				<b>C-Class      Score</b>			
<b>Herbal</b>	I	II	III		I	II	III		I	II	III	
1.Ayur	4	2	3	19	4	6	4	28	2	6	0	18
8.Fair Glow	1	1	0	5	1	0	0	3	3	0	0	9
13.Shahnaz	0	1	0	2	0	1	1	3	0	0	0	0
15.Ayurvedic Concept	2	0	0	6	2	0	0	6	0	0	0	0
16.Vicco	1	0	2	5	0	0	0	0	0	0	0	0
17.Biotique	2	0	0	6	0	0	0	0	0	0	0	0
<b>Non Herbal</b>												
2.Fair&Lovely	8	6	2	38	11	6	2	47	40	4	4	132
3.Ponds	20	11	6	88	24	20	5	117	34	15	2	134
4.Lakme	21	6	4	79	11	7	9	56	10	0	0	30
5.Boro Plus	2	2	0	10	1	3	0	9	0	0	0	0
6.Charmis	1	3	1	10	1	1	0	5	0	0	0	0
7.Nevia	16	8	2	66	13	11	3	64	0	0	0	0
10.Dove	0	1	0	2	0	3	0	6	0	0	0	0
11.Oriflame	0	0	0	0	2	0	0	6	0	0	0	0
12.Vaseline	1	0	0	3	3	0	0	9	0	0	0	0
14.Synergie	0	1	1	3	8	1	2	28	0	0	0	0
9.Local/Any Other	4	2	4	20	10	3	9	45	0	2	2	6

**Citywise**

**Table C1H**

<b>Hair Oils</b>	<b>A- Class      Score</b>				<b>B- Class      Score</b>				<b>C-Class      Score</b>			
<b>Herbal</b>	I	II	III		I	II	III		I	II	III	
2.Dabur amla	14	4	2	52	22	11	5	93	13	2	4	47
4.Vatika	17	5	0	61	13	6	0	51	9	0	0	27
6.Bajaj Almond	7	4	0	29	6	3	0	24	7	0	0	21
7.Parachute/Nihar	17	5	3	64	25	5	6	91	0	0	0	0
10.Almond Drop	1	0	0	3	3	0	0	9	0	0	0	0
13.Shahnaz	0	0	0	0	2	0	0	6	0	0	0	0
15.Ayurvedic Concept	0	1	0	2	0	0	0	0	0	0	0	0
16.Ayur	2	0	0	6	0	0	0	0	5	0	0	15
<b>Non Herbal</b>												
1.Hair&Care	13	0	4	43	12	4	6	50	23	6	3	84
3.Clinic Plus	9	4	0	35	1	2	2	9	16	8	0	64
5.Sunsilk	0	0	0	0	0	0	0	0	0	1	0	2
8.Keo Karpin	2	7	4	24	4	8	4	32	4	5	3	25
9.Arnica	0	1	0	2	1	0	1	4	2	0	0	6
12.Himani	0	0	0	0	0	2	0	4	0	0	0	0
14.Ultra Doux	0	0	0	0	0	0	2	2	0	0	0	0
11.Local/Any Other	10	3	0	36	4	4	0	20	0	0	0	0

**Citywise**

**Table C1P**

<b>Shampoos</b>	<b>A- Class</b>				<b>B- Class</b>				<b>C-Class</b>			
	I	II	III	Score	I	II	III	Score	I	II	III	Score
<b>Herbal</b>												
5.Vatika	3	4	0	17	5	0	1	16	5	8	4	35
7.Ayur	6	8	1	35	4	11	2	36	1	4	1	12
8.Nyle	1	1	1	6	4	0	1	13	0	0	0	0
14.Ayurvedic Concept	1	0	0	3	1	1	0	5	0	0	0	0
<b>Non Herbal</b>												
1.Pantene	6	11	1	41	11	12	1	58	37	1	0	113
2.Sunsilk	19	10	0	77	23	16	0	101	13	3	0	45
3.Clinic	24	6	2	86	23	9	6	93	25	9	1	94
4.H&S	10	0	4	34	7	3	8	35	0	0	0	0
6.Lux	0	0	1	1	0	0	0	0	0	0	0	0
9.Chik	5	0	0	15	0	1	0	2	0	0	0	0
10.Arnica	0	0	0	0	0	1	0	2	3	1	1	12
11.Johnsons	2	0	0	6	6	0	0	18	2	2	0	10
13.Ultra Doux	1	1	2	7	1	4	1	12	0	0	0	0
15.Garnier	0	0	0	0	0	0	2	2	0	0	0	0
16.Biotique	3	0	0	9	0	0	0	0	0	0	0	0
17.Revlon	5	0	0	15	1	0	0	3	0	0	0	0
12.Local/Any Other	5	2	1	20	9	0	2	29	1	3	3	12

**Citywise**

**Table C1T**

<b>Tooth Pastes</b>	<b>A- Class</b>				<b>B- Class</b>				<b>C-Class</b>			
	I	II	III	Score	I	II	III	Score	I	II	III	Score
<b>Herbal</b>												
5.Babool	1	2	1	8	0	7	1	15	5	8	4	35
7.Miswak	0	1	1	3	2	0	4	10	1	4	1	12
8.Forhans	0	2	0	4	2	1	0	8	0	0	0	0
10.Colgate Herbal	1	0	1	4	3	1	2	13	3	1	1	12
12.Balsara	0	0	1	1	0	0	0	0	1	3	3	12
<b>Non Herbal</b>												
1.Colgate	43	9	5	152	52	13	2	184	37	1	0	113
2.Close Up	18	10	4	78	16	15	12	90	13	3	0	45
3.Pepsodent	24	21	3	117	22	24	5	119	25	9	1	94
4.Anchor	0	0	1	1	0	0	0	0	0	0	0	0
6.Aqua Fresh	4	2	0	16	0	2	0	4	0	0	0	0
9.Promise	0	0	0	0	0	2	2	6	0	0	0	0
11.Local/Any Other	3	2	0	13	0	0	1	1	2	2	0	10

**Table I1S**

<b>Soaps</b>	<b>B 4k</b>	<b>4k-8k</b>	<b>8k-12k</b>	<b>A 12k</b>
1.Lime fresh	0	0	0	0
4.Cinthol	17	16	5	27
5.Nirma	20	32	10	6
8.Rexona	0	0	0	19
10.Jai	0	6	4	0
11.Breeze	0	3	2	11
12.Liril	3	15	0	14
14.Hamam	2	0	0	10
15.Margo	3	0	18	5
16.Pears	43	49	7	37
18.Neem	10	2	4	1
19.Santoor	4	2	6	0
21.Dove	4	25	10	33
22.Medimix	0	12	12	4
2.Fair Glow	15	16	3	5
3.Lux	105	127	119	185
7.Lifebuoy	10	23	9	16
13.Palmolive	0	5	12	14
20.Savlon/Dettol	9	10	37	32
24. Johnsons Baby	0	0	0	9
25.Fair&Lovely	0	2	4	0
23.Local/aAny Other	14	16	15	46

**Table I1C**

<b>Creams</b>	<b>B 4k</b>	<b>4k-8k</b>	<b>8k-12k</b>	<b>A 12k</b>
1.Ayur	10	10	12	33
8.Fair glow	0	3	11	3
13.Shahnaz	0	0	0	5
15.Ayurvedic Concept	0	6	0	6
16.Vicco	0	0	2	5
17.Biotique	2	3	6	2
2.Fair&Lovely	68	82	26	41
3.Ponds	70	104	68	97
4.Lakme	15	32	43	75
5.Boro Plus	8	11	0	0
6.Charmis	0	2	0	13
7.Nevia	20	12	25	68
10.Dove	0	0	0	8
11.Oriflame	0	6	0	0
12.Vaseline	0	6	0	6
14.Synergie	0	9	8	14
9.Local/Any Other	3	15	28	25

**Table I1H**

<b>Hair Oils</b>	<b>B 4k</b>	<b>4k-8k</b>	<b>8k-12k</b>	<b>A 12k</b>
2.Dabur Amla	30	36	41	85
4.Vatika	12	49	27	51
6.Bajaj Almond	15	9	15	35
7.Parachute/Nihar	6	17	46	86
10.Almond Drop	0	0	12	0
13.Shahnaz	0	0	0	6
15.Ayurvedic Concept	0	0	0	2
16.Ayur	0	9	9	3
1.Hair&Care	44	75	24	34
3.Clinic Plus	36	21	10	41
5.Sunsilk	2	0	0	0
8.Keo Karpin	15	33	23	10
9.Arnica	4	8	0	0
12.Himani	0	4	0	0
14.Ultra Doux	0	0	0	2
11.Local/Any Other	12	16	3	25

**Table I1P**

<b>Shampoos</b>	<b>B 4k</b>	<b>4k-8k</b>	<b>8k-12k</b>	<b>A 12k</b>
5.Vatika	16	10	11	15
7.Ayur	37	34	16	36
8.Nyle	9	3	21	10
14.Ayurvedic Concept	0	0	0	8
1.Pantene	2	48	23	33
2.Sunsilk	31	45	51	110
3.Clinic	52	71	27	90
4.H&S	0	30	18	33
6.Lux	12	4	3	0
9.Chik	31	29	21	3
10.Arnica	2	0	0	0
11.Johnsons	0	0	0	24
13.Ultra Doux	0	1	6	12
15.Garnier	0	0	0	2
16.Biotique	0	0	6	3
17.Revlon	0	6	0	12
12.Local/Any Other	11	14	29	20

**Table I1T**

<b>Tooth Pastes</b>	<b>B 4k</b>	<b>4k-8k</b>	<b>8k-12k</b>	<b>A 12k</b>
5.Babool	25	12	16	5
7.Miswak	3	10	3	9
8.Forhans	0	0	4	8
10.Colgate Herbal	3	20	0	9
12.Balsara	0	5	0	0
1.Colgate	63	103	98	185
2.Close Up	25	40	45	103
3.Pepsodent	73	105	58	94
4.Anchor	0	1	0	0
6.Aqua Fresh	0	2	6	12
9.Promise	0	4	0	2
11.Local/Any Other	8	6	0	15

**Citywise**

**Table C2**

<b>Amroha</b>	Regular	Casual	Rare	Total
Soaps	49	0	0	49
Creams	13	29	7	49
Hair-oils	29	19	1	49
Shampoos	29	19	1	49
Tooth-Pastes	45	4	0	49
Total	165	71	9	245
<b>Sambhal</b>	Regular	Casual	Rare	Total
Soaps	38	4	0	42
Creams	14	20	8	42
Hair-oils	19	17	6	42
Shampoos	0	39	3	42
Tooth-Pastes	40	2	0	42
Total	111	82	17	210
<b>Aligarh</b>	Regular	Casual	Rare	Total
Soaps	47	2	0	49
Creams	30	13	6	49
Hair-oils	19	19	11	49
Shampoos	31	17	1	49
Tooth-Pastes	49	0	0	49
Total	176	51	18	245
<b>Hardwar</b>	Regular	Casual	Rare	Total
Soaps	47	1	0	48
Creams	30	13	5	48
Hair-oils	16	21	11	48
Shampoos	28	18	2	48
Tooth-Pastes	48	0	0	48
Total	169	53	18	240
<b>Chandigarh</b>	Regular	Casual	Rare	Total
Soaps	45	2	0	47
Creams	23	18	6	47
Hair-oils	20	20	7	47
Shampoos	26	17	4	47
Tooth-Pastes	47	0	0	47
Total	161	57	17	235
<b>Delhi</b>	Regular	Casual	Rare	Total
Soaps	46	0	1	47
Creams	29	14	3	46
Hair-oils	28	14	5	47
Shampoos	32	14	1	47
Tooth-Pastes	47	0	0	47
Total	182	42	10	234
<b>Total</b>	Regular	Casual	Rare	Total
Soaps	272	9	1	282
Creams	139	107	36	282
Hair-oils	131	110	41	282
Shampoos	146	124	12	282
Tooth-Pastes	276	6	0	282
Total	964	356	90	1410

**Productwise**

**Table 2**

<b>Soaps</b>	Regular	Casual	Rare	Total
Amroha	49	0	0	49
Sambhal	38	4	0	42
Aligarh	47	2	0	49
Hardwar	47	1	0	48
Chandigarh	45	2	0	47
Delhi	46	0	1	47
Total	272	9	1	282
<b>Creams</b>	Regular	Casual	Rare	Total
Amroha	13	29	7	49
Sambhal	14	20	8	42
Aligarh	30	13	6	49
Hardwar	30	13	5	48
Chandigarh	23	18	6	47
Delhi	29	14	3	47
Total	139	107	36	282
<b>Hair-Oils</b>	Regular	Casual	Rare	Total
Amroha	29	19	1	49
Sambhal	19	17	6	42
Aligarh	19	19	11	49
Hardwar	16	21	11	48
Chandigarh	20	20	7	47
Delhi	28	14	5	47
Total	131	110	41	282
<b>Shampoos</b>	Regular	Casual	Rare	Total
Amroha	29	19	1	49
Sambhal	0	39	3	42
Aligarh	31	17	1	49
Hardwar	28	18	2	48
Chandigarh	26	17	4	47
Delhi	32	14	1	47
Total	146	124	12	282
<b>Tooth-Pastes</b>	Regular	Casual	Rare	Total
Amroha	45	4	0	49
Sambhal	40	2	0	42
Aligarh	49	0	0	49
Hardwar	48	0	0	48
Chandigarh	47	0	0	47
Delhi	47	0	0	47
Total	276	6	0	282

### Usage Pattern

**Table 2S**

Soaps	Regular	%
Amroha	49	100
Sambhal	38	90.5
Aligarh	47	95.9
Hardwar	47	97.9
Chandigarh	45	95.7
Delhi	46	97.9
Total	272	96.5

**Table 2C**

Creams	Regular	%
Amroha	13	26.5
Sambhal	14	33.3
Aligarh	30	61.2
Hardwar	30	62.5
Chandigarh	23	48.9
Delhi	29	61.7
Total	139	49.3

**Table 2H**

Hair-Oils	Regular	%
Amroha	29	59.2
Sambhal	19	45.2
Aligarh	19	38.8
Hardwar	16	33.3
Chandigarh	20	42.6
Delhi	28	59.6
Total	131	46.5

**Table 2P**

Shampoos	Regular	%
Amroha	29	59.2
Sambhal	19	45.2
Aligarh	31	63.3
Hardwar	28	58.3
Chandigarh	26	55.3
Delhi	32	68.1
Total	146	51.8

**Table 2T**

Tooth-Pastes	Regular	%
Amroha	45	91.8
Sambhal	40	95.2
Aligarh	49	100
Hardwar	48	100
Chandigarh	47	100
Delhi	47	100
Total	276	97.9

### Income Wise

**Table I2**

Above 12K	Regular	%	Casual	Rare
Soaps	99	97.1	2	1
Creams	41	40.6	42	18
Hair-Oils	45	44.1	38	19
Shampoos	58	56.9	42	2
T. Pastes	102	100	0	0
8K-12K	Regular	%	Casual	Rare
Soaps	56	100	0	0
Creams	30	53.6	22	4
Hair-Oils	29	51.8	19	8
Shampoos	34	60.7	18	4
T. Pastes	56	100	0	0
4K-8K	Regular	%	Casual	Rare
Soaps	67	98.5	1	0
Creams	44	64.7	21	3
Hair-Oils	28	41.2	35	5
Shampoos	42	61.8	24	2
T. Pastes	65	95.6	3	0
Below 4K	Regular	%	Casual	Rare
Soaps	48	88.9	6	0
Creams	24	44.4	21	9
Hair-Oils	28	51.9	18	8
Shampoos	12	22.2	38	4
T. Pastes	51	94.4	3	0



### Usage Purpose

Table 3S

Soaps	I	II	III	Score
Cleanliness	197	36	3	666
Freshness	61	139	3	464
Anti Bacterial	17	57	55	220
Skin Care	2	28	97	159
Deodorant	5	16	33	80
Any Other	0	5	0	10

### Incomewise

Table 13S

Soaps (Below 4000)	I	II	III	Score	(4000-8000)	I	II	III	Score
Cleanliness	54	27	15	231	Cleanliness	0	50	3	103
Freshness	0	13	16	42	Freshness	68	18	40	280
Anti Bacterial	0	7	6	20	Anti Bacterial	0	0	19	19
Skin Care	0	5	3	13	Skin Care	0	0	0	0
Deodorant	0	2	9	13	Deodorant	0	0	6	6
Any Other	0	0	5	5	Any Other	0	0	0	0
(8001-12000)	I	II	III	Score	(Above 12000)	I	II	III	Score
Cleanliness	0	40	7	87	Cleanliness	81	12	25	292
Freshness	0	12	25	49	Freshness	18	58	1	171
Anti Bacterial	56	5	8	186	Anti Bacterial	5	24	26	89
Skin Care	1	0	9	12	Skin Care	0	4	19	27
Deodorant	0	0	8	8	Deodorant	0	5	32	42
Any Other	0	0	0	0	Any Other	0	0	0	0

Table 3C

Creams	I	II	III	Score
Sun Protection	134	23	0	448
Moisturiser	27	92	45	310
Glowing Skin	40	64	8	256
Skin Care	6	54	104	230
Looks	70	2	5	219
Out of Habit	2	0	5	11
Any Other	0	0	0	0

Table 13C

Creams (Below 4000)	I	II	III	Score	(4000-8000)	I	II	III	Score
Sun Protection	20	2	0	64	Sun Protection	11	0	2	35
Moisturiser	16	0	0	48	Moisturiser	16	8	0	64
Glowing Skin	3	13	0	35	Glowing Skin	3	4	1	18
Skin Care	9	10	9	56	Skin Care	0	12	5	29
Looks	0	15	11	41	Looks	3	2	16	29
Out of Habit	2	0	2	8	Out of Habit	0	0	0	0
Any Other	0	0	0	0	Any Other	0	0	0	0
(8001-12000)	I	II	III	Score	(Above 12000)	I	II	III	Score
Sun Protection	18	0	3	57	Sun Protection	21	0	0	63
Moisturiser	32	3	0	102	Moisturiser	70	12	0	234
Glowing Skin	21	16	3	98	Glowing Skin	13	31	4	105
Skin Care	10	37	10	114	Skin Care	8	33	21	111
Looks	2	12	33	63	Looks	1	25	44	97
Out of Habit	0	0	1	1	Out of Habit	0	0	2	2
Any Other	0	0	0	0	Any Other	0	0	0	0

Table G3C

Creams (Male)	I	II	III	Score	(Female)	I	II	III	Score
Sun Protection	32	2	0	100	Sun Protection	38	0	5	119
Moisturiser	45	11	0	157	Moisturiser	89	12	0	291
Glowing Skin	15	22	1	90	Glowing Skin	25	42	7	166
Skin Care	17	37	12	137	Skin Care	10	55	33	173
Looks	4	23	48	106	Looks	2	31	56	124
Out of Habit	2	0	3	9	Out of Habit	0	0	2	2
Any Other	0	0	0	0	Any Other	0	0	0	0

Table 3H

Hair-oils	I	II	III	Score
Nourishment	157	2	0	475
Anti Dandruff	32	110	24	340
Shiny Looks	69	45	5	302
Hair Growth	15	53	52	203
Soft Hair	4	53	64	182
Black Hair	3	5	68	87
Any Other	1	0	0	3

Table I3H

Hair-oils (Below 4000)	I	II	III	Score	(4000-8000)	I	II	III	Score
Nourishment	0	0	64	64	Nourishment	51	0	0	153
Anti Dandruff	0	14	17	45	Anti Dandruff	20	18	3	99
Shiny Looks	6	38	18	112	Shiny Looks	4	35	11	93
Hair Growth	18	27	9	117	Hair Growth	4	4	20	40
Soft Hair	34	25	0	152	Soft Hair	4	16	10	54
Black Hair	31	0	3	96	Black Hair	0	5	15	25
Any Other	0	0	1	1	Any Other	0	0	0	0
Hair-oils (8001-12000)	I	II	III	Score	(Above 12000)	I	II	III	Score
Nourishment	0	0	14	14	Nourishment	28	2	0	88
Anti Dandruff	2	4	17	31	Anti Dandruff	15	9	0	63
Shiny Looks	2	16	5	43	Shiny Looks	5	21	5	62
Hair Growth	7	11	0	43	Hair Growth	2	11	7	35
Soft Hair	11	5	0	43	Soft Hair	0	7	9	23
Black Hair	8	0	0	24	Black Hair	0	0	14	14
Any Other	0	0	0	0	Any Other	0	0	0	0

Table G3H

Hair-oils (Male)	I	II	III	Score	(Female)	I	II	III	Score
Nourishment	62	2	0	190	Nourishment	95	0	0	285
Anti Dandruff	28	13	0	110	Anti Dandruff	41	32	5	192
Shiny Looks	16	61	6	176	Shiny Looks	16	49	18	164
Hair Growth	3	13	20	55	Hair Growth	12	40	32	148
Soft Hair	4	14	26	66	Soft Hair	0	39	38	116
Black Hair	3	3	28	43	Black Hair	0	2	40	44
Any Other	0	0	0	0	Any Other	1	0	0	3

Table 3P

Shampoos	I	II	III	Score
Cleanliness	170	0	2	512
Anti Dandruff	51	105	22	385
Good Looks	47	63	3	270
Soft Hair	6	42	128	230
Anti Fungal	8	51	35	161
Any Other	0	0	0	0

Table 13P

Shampoos (Below 4000)	I	II	III	Score	(4000-8000)	I	II	III	Score
Cleanliness	25	0	2	77	Cleanliness	37	0	0	111
Anti Dandruff	14	1	0	44	Anti Dandruff	15	20	3	88
Good Looks	9	20	0	67	Good Looks	16	23	4	98
Soft Hair	5	10	10	45	Soft Hair	0	13	12	38
Anti Fungal	1	17	10	47	Anti Fungal	0	12	36	60
Any Other	0	0	0	0	Any Other	0	0	0	0
(8001-12000)	I	II	III	Score	(Above 12000)	I	II	III	Score
Cleanliness	36	0	0	108	Cleanliness	72	0	0	216
Anti Dandruff	7	18	0	57	Anti Dandruff	11	24	0	81
Good Looks	7	22	12	77	Good Looks	19	40	6	143
Soft Hair	2	5	2	18	Soft Hair	1	23	11	60
Anti Fungal	4	5	22	44	Anti Fungal	1	8	60	79
Any Other	0	0	0	0	Any Other	0	0	0	0

Table 3T

Tooth-pastes	I	II	III	Score
Cleanliness	212	0	2	638
Gum Protection	35	100	57	362
Cavity Prevention	29	98	0	283
Fresh Breath	6	72	94	256
Taste	0	8	55	71
Flavour	0	0	16	16
Any Other	0	0	0	0

Table 13T

Tooth-pastes(Below 4000)	I	II	III	Score	(4000-8000)	I	II	III	Score
Cleanliness	38	0	2	116	Cleanliness	43	0	0	129
Gum Protection	5	6	0	27	Gum Protection	7	23	0	67
Cavity Prevention	9	22	0	71	Cavity Prevention	17	22	13	108
Fresh Breath	2	24	15	69	Fresh Breath	1	22	23	70
Taste	0	2	18	22	Taste	0	0	16	16
Flavour	0	0	3	3	Flavour	0	0	2	2
Any Other	0	0	0	0	Any Other	0	0	0	0
(8001-12000)	I	II	III	Score	(Above 12000)	I	II	III	Score
Cleanliness	46	0	0	138	Cleanliness	85	0	0	255
Gum Protection	8	16	0	56	Gum Protection	9	53	0	133
Cavity Prevention	2	25	8	64	Cavity Prevention	7	31	36	119
Fresh Breath	0	9	22	40	Fresh Breath	3	17	34	77
Taste	0	6	5	17	Taste	0	0	16	16
Flavour	0	0	5	5	Flavour	0	0	6	6
Any Other	0	0	0	0	Any Other	0	0	0	0

# Home Remedies Vs Branded Products

**Table C4**

Citywise	Amroha		Sambhal		Aligarh		Hardwar		Chandi.*		Delhi		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Use hr as supplement to bp	13	31.0	41	83.7	25	52.1	18	37.5	11	24.4	26	74.3	135	50.4
Use hr as substitute to bp	7	16.7	0	0.0	15	31.3	19	39.6	11	24.4	3	8.6	55	20.5
Use hr out of habit	22	52.4	8	16.3	8	16.7	11	22.9	23	51.1	6	17.1	78	29.1
total	42	100	49	100	48	100	48	100	45	100	35	100	268	100

\* Chandigarh

**Table I4**

Income Wise	B- 4k	4k- 8k	8k-12k	A-12k
Use hr as supplement to bp	33	28	32	42
Use hr as substitute to bp	5	25	7	18
Use hr out of habit	16	13	16	33
Don't use	0	2	1	11

B -4k : Below 4000  
 4k -8k : 4000-8000  
 8k-12k : 8001-12000  
 A-12k : Above 12000

**Table G4**

Gender	M	F
Use hr as supplement to bp	36	99
Use hr as substitute to bp	11	44
Use hr out of habit	55	23
Don't use	14	0

M: Male  
 F : Female

**Table A4**

Age wise	B- 25	25-35	35-45	A- 45
Use hr as supplement to bp	50	46	16	23
Use hr as substitute to bp	34	5	7	9
Use hr out of habit	24	25	13	16
Don't use	5	7	0	2

B- 25 : Below 25  
 A- 45 : Above 45

### Herbal Vs Non Herbal- Selection

**Table 5**

	Herbal		%	Non Herbal		%
<b>Soaps</b>	Neem	239	85.4	Nirma	41	14.6
	Pears	181	64.2	Lux	101	35.8
<b>Creams</b>	Ayur	113	40.1	Lakme	169	59.9
	Shahnaz	123	43.6	Ponds	159	56.4
<b>Hair-Oils</b>	Hair&Care	156	55.7	Clinic Plus	124	44.3
	Dabur Amla	183	65.4	Keo Karpin	97	34.6
<b>Shampoos</b>	Ayur	123	43.6	Sunsilk	159	56.4
	Vatika	115	40.8	H&S	167	59.2
<b>Tooth-Pastes</b>	Colgate Herbal	138	49.1	Pepsodent	143	50.9
	Babool	171	60.6	Balsara	111	39.4
<b>Total</b>		<b>1542</b>		<b>Total</b>	<b>1271</b>	

## Herbal Vs Non Herbal- Perception

Table C6

[illegible][illegible]







## Herbal Trends- Dealers

Table 7

	Amroha			Sambhal			Aligarh			Hardwar			Chandigarh			Delhi			Total											
	VF	Fa	Mo NT	VF	Fa	Mo NT	VF	Fa	Mo NT	VF	Fa	Mo NT	VF	Fa	Mo NT	VF	Fa	Mo NT	VF	Fa	Mo NT									
Soaps	5	24	19	0	15	14	17	3	6	6	9	12	3	6	26	9	3	10	33	2	1	8	34	3	33	68	138	29		
Creams	6	21	19	2	14	16	17	2	3	6	21	3	2	19	21	2	4	29	15	0	3	27	16	0	32	118	109	9		
Hair-oils	24	12	11	1	13	21	13	2	3	9	12	9	4	11	24	5	5	13	28	2	4	14	26	2	53	80	114	21		
Shampoos	8	16	24	0	16	21	10	2	0	12	18	3	3	18	20	3	4	23	20	1	3	23	18	2	34	113	110	11		
Tooth-pastes	3	18	25	2	7	29	12	1	6	6	21	0	5	21	18	0	5	29	13	1	4	27	13	2	30	130	102	6		
	VF:Very Fast			Fa:Fast			Mo:Moderate			NT:No Trend																				

Table 7.1

Score							Total
	Amroha	Sambhal	Aligarh	Hardwar	Chandigarh	Delhi	Total
Soaps	82	90	39	47	62	53	373
Creams	79	91	42	65	85	79	441
Hair-oils	107	94	39	58	69	66	433
Shampoos	80	100	42	65	78	73	438
Tooth-pastes	70	91	51	75	86	79	452

Table C7

	Class A	Class B	Class C	Total
Soaps	115	86	172	373
Creams	164	107	170	441
Hair-oils	135	97	201	433
Shampoos	151	107	180	438
Tooth-pastes	165	126	161	452

## CHAPTER 8

### Product & Packaging

### **Product and Packaging**

This chapter deals with the part of consumer behavior related with product and packaging. The following aspects have been chosen to be studied in the area-

1. Product qualities that are preferred by different consumer groups.
2. Level of brand consciousness among them.
3. Level of brand adherence.

Need recognition is the first thing in the buying process, which is followed by product awareness, interest, evaluation and intention, purchase and post-purchase behavior. When the need arousal for the selected products has been ascertained in the previous chapter, the next thing is to track the consumers' attitude towards these.

In the process of purchase decision, the consumer considers the set of alternative solutions or more technically 'evoked sets', as Howard and Sheth<sup>1</sup> call it. Narayana and Markin<sup>2</sup> refine the concept by recognizing a few more sets on the way to a purchase decision. The total set represents all the brands available in the market, whether or not the buyer knows about them. The total set can be divided into the awareness set (those brands that consumer recalls) and the unawareness set of the brands that the consumer recalls, only some of them meet his buying criteria and they constitute his consideration (or evoked) set. The others are relegated to an infeasible set. As consumer gives more thought to these brands, a few of the brands remain strong choice and constitute his choice set, the others being relegated to a non-choice set. He carefully evaluates the brands in the choice set and then makes his final decision.

---

<sup>1</sup> The Theory of Buyer Behaviour, John Wiley & Sons, 1969. Howard, J.A. and Sheth, J.N.

<sup>2</sup> Consumer Behaviour and Product Performance, Journal of Marketing, Oct 1975, pg. 1-6. Narayana, C.L. and Markin, R.J.

Kotler<sup>3</sup> suggests that the companies should work hard to get their brands included in the buyer's awareness set and to remain in the successive consideration and choice set. He further adds that the marketer must research the other brands that are likely to be included and the criteria used by the buyer as he moves to successively smaller sets in making his decision.

The first aspect taken here is the various product attributes that one goes for while making a final decision on which brand to purchase. The consumers today are getting very conscious and choosy about the products they go for. With the ever-increasing competition, companies are forced to adopt some differentiators, to find a place in the already crowded market. This has led to a vast choice from the consumers' point of view, thus making them more demanding and particular about the product attributes they seek. The marketer can use the findings to plan which product attributes are most sought in different categories and can accordingly incorporate these into his product, and stimulate sales.

The awareness level shows how much are the buyers informed about the alternative brands sold throughout the country. The marketer can use the findings to plan commercial communication and stimulate favorable word of mouth.

The awareness helps the consumer evaluate the alternatives. Most of the researchers believe that consumers form the brand judgement largely on a conscious and rational basis. By studying the form of evaluations of the target market, the marketer can gain useful guidance to make his brand salient to consumers.

---

<sup>3</sup> Marketing Management-Analysis, Planning and Control, PHI-5<sup>th</sup> Ed. Kotler, Phillip.

This brief analysis of consumer behavior, covering only a few points from here and there does not fully diagnose the black box of the consumer. But it is expected to help the marketer adjust his marketing decisions to suit the consumer preferences.

### **ANALYSIS RESULTS:**

*Here, the first task is to see what product attributes the consumers look for when they finally make the purchase, in each product category.*

#### **Soaps:**

In this category consumers give most preference to 'effect on skin' (Table 8S). This shows a clear bias towards general skin-care by the respondents. Consumers today are becoming more conscious about the product they go for. Anything that has an ill effect on skin gets a death sentence. Thus manufacturers are more careful about the contents of soap. This is the reason that there is a surge in herbal variants of soaps. More and more companies are coming up with contents like neem, lemon, rose, milk, tulsi, turmeric, mint and scores of other natural herbs, perceived to have a nourishing effect on skin, apart from giving proper hygiene, to the extent that Medimix claims to be made of eighteen ayurvedic herbs. Jyothy Labs goes a step further to cash on the consumers' impulse and has come up with its Jeevan Soap, constituted of twenty-seven herbs. It is marketing this brand with its formulation as its USP. The product has been developed at Shiv Shakti Ayurvedic Research Centre (SARC) in Kerala after a research of nearly seven years. With the baseline-"New life for your Skin" and enroping some celebrities, the manufacturers plan to build an image for Jeeva (SD&TR, Aug 2002, pg.19- Jeeva's Soap Opera, Purvita Chatterjee). Thus marketers are rightly coming up with products having right contents to spell good effect on skin by nourishing it from within.

'Packaging' and 'fragrance' of soap are also considered at the point of purchase by many consumers. This is the reason that soaps come in all sort of colorful and innovative packaging today. A good fragrance, usually of the natural product that is claimed to be mixed is added to give assurance to the consumers. For example Breeze and Nima are rose odoured and even rose coloured) since they claim to contain rose water. Liril has a pungent smell as it contains lemon, signifying freshness. Brands like Hamam and Medimix have deliberately kept their packaging and product (in terms of fragrance and colour) simple, to differentiate their product, in the crowded soap market.

Soaps are also available in different 'colours' to give psychological benefit to the consumers. Translucency of Pears is conveyed as its pureness and gentleness, milky white Dove gives moisturizing effect, light-green color of Hamam emulates its simplicity while fluorescent colored Liril indicates its active ingredients to give freshness. Lifebuoy is deep coloured (maroon), given the likeness of its target consumers (rural) to such colours.

A new trend is to cash on the 'feeling' that soaps give while in use. Liril has come up with its 'Icy-Mint' formula that gives cool feeling to the users, a special advantage during summers.

Thus manufacturers need to come up with some genuine formulations, for the consumers will buy only those products which give them good skin-care apart from hygiene. They need to shape the product (packaging, color, fragrance etc) accordingly and target market it, highlighting its intended benefits.

City-wise A and B class people have some preference like -effect on skin, contents and nourishment being top order preferences and fragrance and package being secondary factors (Table C8). While the C-class consumers prefer contents, nourishment and packaging in the same order

and effect on skin and fragrance comes secondary to them. To test the difference between city classes, Chi-square test shows no significant difference in different city classes (chi square value= 0.358).

Thus, marketers can accordingly communicate the benefits of their product and reap the psychological dividends.

### **Creams:**

In this category also, the top scores are 'effect on skin', 'nourishment' and 'contents' of the product (Table 8C). These three are the natural winners as creams are basically applied for skin-care. They are used to protect the skin from ill effects of various external factors like sun, cold etc. Thus most consumers see their effect on skin i.e. how effective the protection is. Nourishment on the other hand signifies the general up-keep of the skin on regular use of creams. The quality of creams to act deeply and provide various benefits such as sun protection, fairness, moisturizing, anti-aging, anti-septic etc come through the specific contents they are made of. Thus Ayurveda again is coming up in a big way in this category also to provide various nourishing benefits. As different herbs and chemical formulations have different effect on skin, contents matter heavily before making a purchase.

Not only the consumers seek these basic benefits, but also in today's world of fierce competition, they look out for added benefits. Here comes the role of packaging, fragrance and colour for product assortment. Thus companies are coming up with innovative packaging, ranging from jars for bulk usage in beauty parlors etc to smaller tubes in different sizes. Even sachet packs are tried to induce trial purchases. Thus Fair & Lovely has come up with its Rs.5 sachet moving from premium to mass segment to broaden its customer base. Same is the case with most premium brands. Companies are chasing volumes for their growth.

The 'density' of cream also has a psychological effect on consumers. While many consider density to be synonymous with quality, others prefer lighter creams because of their easy spread on application.

Thus, effect on skin, nourishment, contents, packaging and fragrance emerge as the most important product attributes in this category in all the cities (Table C8). Although the preference rank differs in different classes, effect on skin is considered to be most important by people in A and B class cities while the respondents of C-class cities put contents as their number one consideration. Effect on skin takes a secondary (number four) slot in the C-class cities. Chi square test reveals no significant difference across cities (chi square value=2.687). This gives important message and marketers need to formulate a different strategy to place their product in the C-class cities.

#### **Hair Oils:**

'Nourishment' is marked as the most important attribute for hair-oils (Table 8H). Hair-oils are perceived to nourish hair roots by providing various supplements. This explains the leadership of Dabur's Amla (a natural ingredient) and Hair & Care (vitamin-E) in both the herbal and non-herbal sectors, respectively.

Thus, 'contents' is a natural runner-up factor in this category. These contents of amla, coconut, vitamin-E, henna etc are supposed to give the desired benefit of nourishment to the hair roots, necessary for good hair.

'Packing' and 'fragrance' also figure prominently again due to product assortment reasons. Various kinds of packs- bottles (glass and plastic) and jars (tin and plastic), in different sizes and shapes are available. Even sachets are introduced in the market. Parachute has come up with its plastic jar with a nozzle at its cap. In summers, when the coconut oil is



liquid, this nozzle can be used while in winters the cap can be removed to take out the required quantity. This caters to the 'convenience' of the consumers.

'Density' of hair-oils is yet another important attribute, considered by the respondents. Many users prefer heavy oils like Dabur-Amla, especially at night or before bath, considering it to nourish hair roots. While lighter non-sticky oils are used for styling of hair and keep them fluffy.

As Table C8 shows, city wise nourishment, contents, pack/container, effect on skin and fragrance come out as important factors in A and B class cities, while people of C-class cities also give importance to the colour of hair oils apart from these factors. There is no significant difference across various city classes (chi square value=2.06).

Thus important consideration needs be given to colour while formulating hair-oils for the type C cities.

### **Shampoos:**

'Nourishment' again is the most important attribute in this product category. This is the reason that more and more people are falling in the herbal bandwagon and give tilt towards these herbal benefits (Table 8P). These herbal extracts like henna, amla, lemon etc are considered to nourish hairs.

This makes consumers more savvy about the 'contents' and thus making it the second most important factor. This is also because of greater realization of harmful effect of chemical based shampoos, especially on its frequent use.

'Packaging' is also an important factor. Sachet brought a revolution in the shampoo market and every brand is available in this form. Sachets are also very effective in inducing trial purchase. Also many people prefer sachets over bottles because of economy in usage.

Many people consider non-herbal brands to be harmful on skin, as they contain hard chemicals that act tough on both dandruff and skin, damaging hairs in the long run. This makes 'effect on skin' another important factor in making the final choice of brand by the consumers.

'Fragrance' and 'colour' are also considered by a few while going for the purchase. But in most of the cases, these are secondary factors.

Table C8 shows nourishment, contents and effect-on-skin are considered as primary factors by people of A-class cities, fragrance and density being secondary ones. For consumers of B-class cities, nourishment, contents and fragrance of shampoo are primary and effect-on-skin, pack/container come as secondary factors. The C-class cities' respondents rank contents, nourishment and pack/container as primary product attributes in this category and attach secondary importance to fragrance and colour of shampoo. The calculated chi square value of 0.77 shows no significant difference across different city classes.

Again, marketers need to take different approach to different class of cities.

### **Tooth-Pastes:**

'Taste' and 'contents' are listed as the most important product attributes in this particular category (Table 8T). Most of the brands are targeted to the children's needs. As kids are more prone to tooth ailments, given their eating habits, parents put more attention to their oral hygiene. Moreover,

many are in the process to habituate their kids to brush their teeth daily. This is the major basis on which a brand is decided in families having young children. Thus 'taste' of the tooth-pastes comes as the most important factor in deciding the brand.

Another attribute that comes close to taste is 'contents' of the tooth-pastes. Clove-oil, mesvak-oil, and chemicals like mouth-freshener, fluoride etc are put to tooth-pastes to add value to the product. Some of the contents (clove-oil etc) are intended to give general care and health to teeth and gums while others (mouthwash etc) are added to differentiate the product with others. Thus, brands like Promise and Balsara give clove-oil for stronger gums. Others like Pepsodent claim to have anti-bacterial agents that 'fight' germs even hours after brushing, thus protecting teeth. Yet others like Close-Up define their USP as fresh-breath, by adding mouthwash to its product. Thus, contents of these products offer a wide range to choose from, depending on personal preferences.

'Nourishment' of gums for stronger teeth is also rated an important factor by the respondents.

'Colour' of paste also figures as an important factor. This is the reason that gels in different vibrant colours are flocked into the market. To the extent that Prudent places its product in three colours in one, claiming to provide three benefits of gum care, teeth care and mouth freshener in one.

Table C8 shows that contents, nourishment and taste are considered as the most important factors by A and C class cities people while B-class respondents take taste, contents and nourishment as the crucial factors while deciding the brand. Chi square test shows significant difference across various city classes (chi square value=8.15).

*Then comes the task of assessing 'brand-adherence' in each product category.*

It is easier to induce a trial purchase in the FMCG sector, but the thing of greater importance is to retain customers. This comes through offering genuine products, backed by sound promotional campaign. Brand equity plays a major role, as it is through brand name that consumers attach their perceptive values to a particular product. This holds special relevance to FMCGs, as these are relatively inexpensive products of daily use. With the greater health awareness, consumers are increasingly attaching greater brand importance as evident from Table CBC. Once convinced by the benefits offered by a particular brand, consumers usually go for repeat purchases. It is this particular consumer behavior that is a marketer's dream. Most of the promotional campaigns are launched with this particular target in mind.

### **Soaps:**

Table 9S shows that in A-class cities 92.5% respondents are brand conscious and 31.9% respondents adhere strictly to their brand of choice. Only 7.5% respondents don't care about the brand they go for.

Similar trend appears in B-class cities of Aligarh and Hardwar. The brand adherence is as high as 96.9% with 39.2% respondents sticking to their brands only 3.1% respondents don't care about their brands

While in the C-class cities of Amroha and Sambhal level of brand switching increases with 21.9% respondents sharing 'don't care' attitude for the brands. But even in these cities 35.2% respondents are religious to their brands. Chi square value (3.59) shows no significant difference across city classes.

Thus overall brand plays a crucial role in repeat purchases in this category and it is a must for companies to promote their brand name strongly, to capture suitable chunk of the market. This is the reason that more and more film celebrities like Rani, Madhuri, Ashwarya etc. are used for endorsements by companies to promote their brands.

### **Creams:**

Similar trends appear in the cream category also (Table 9C). Here again people of C-class cities are least brand loyal. As the data shows, 18.7% respondents do not care about the brand they go for, as against only 2.1% and 7.4% in B and A class cities respectively. 36.2% strictly adhere to their brands in C-class cities, while 45.3% and 43.6% do so in B and A class cities respectively. There is no significant difference across city classes (chi square value=4.24).

Higher scores show greatest brand adherence for creams than any other product category. This shows that people are most conscious about their skin care.

Thus marketers need to promote their brands in a big way. They may even charge a premium for it.

### **Hair Oils:**

According to Table 9H, people of C-class cities are least brand loyal with 34.1% respondents giving don't care attitude towards the brand in this category. However, 64.9% respondents are brand conscious, with 34.1% strictly adhering to their brand. In B-class cities brand consciousness is highest at 94.8%, with 44.3% people strictly adhering to their brands and 50.5% for most of the time i.e. they are choosy about their brands, but also switch to other brands, given its attractiveness. For the A-class cities,

12.8% don't care for the brands they go for while 87.2% are brand conscious with 35.1% adhering strictly to it. Chi square test show significant difference across city classes with value= 8.54.

Here again brand equity plays important role and marketers need to live up to their image to sustain customers.

### **Shampoos:**

After creams, it is shampoo that gives most brand loyalty (Table 9P). The figures in Table 3P (Chapter 7) show that hair hygiene is an important factor and people are choosy about the brands they go for and don't switch brands often. Here again C-class cities show least consideration of brands with 36.3% people not caring for the brands. Only 21.9% are brand loyal and 41.8% usually stick to their brands. For B-class cities 62.9% respondents show their strict adherence to the brands they use while 8.2% don't care at all. 28.9% are brand switchers. In A-class cities of Chandigarh and Delhi, 52.1% respondents are loyal to their brands, 40.4% usually stick to their brands, while 7.5% don't care at all about the brands they go for. Chi square test (24.02) show significant difference across city classes.

In this category again, brand equity holds utmost importance, as people don't want to take risk with their hair. Thus marketers need to sell their product on the basis of their image.

### **Tooth Pastes:**

Table 9T shows, 57.1% of C-class respondents don't care about the brand while 42.9% are brand conscious and only 16.5% are brand loyal. In B-class cities, brand consciousness is high at 94.8% and 37.1% stick to their brands with only 5.2% not caring about the brands. In A-class cities 40.4%

respondents stick to their brand, 51.1% are liable to switch only once in a while and 8.5% don't care about the brand they go for at all. There is significant difference across city classes (chi square value=33.94).

Thus on the whole, in all the categories there is a large scope of converting the 'usually stick to brand, and 'don't care' categories into brand loyalist by emphasizing on image building of the brands. The onus solely lies on the marketers, to orchestrate effective campaigns and deliver quality products to make consumers loyal to them.

Table C9 shows that brand loyalty is maximum in B-class cities of Aligarh and Hardwar, followed by A-class cities and least in C-class cities of Amroha and Sambhal.

It is owing to the fact that B-class cities have maximum number of middle-class people who are both brand conscious and price sensitive. They are reluctant to switch over brands once they are satisfied with the one in use. A-class cities have more of higher end people who are both brand conscious and willing to try new things. While the people in C-class cities are simpler, less exposed to promotion and don't attach much importance to brands as such.

Thus marketers need to come up with different strategies for different class of cities to switch consumers' preferences in their favor and retain their loyalties.

*And finally we see the level of 'brand-consciousness' among the consumers.*

Table C10 shows that people of C-class cities of Amroha and Sambhal are least brand conscious with 15.42% and 13.36% respondents giving no consideration to brand/company's image while making a purchase

respectively. Overall score for these cities is also below 500, with Amroha at 356 and Sambhal at 471. However, even in these cities 56.5% and 66.7% respondents attach importance to the brand/company's image respectively. This shows that even in these cities brand consciousness is on the rise, to a considerable extent.

In B and A class cities, brand conciseness is very high, being more than 88% in all the cities (Aligarh 88.8%, Hardwar 88.7%, Chandigarh 89.3% and Delhi 93.6%).

This clearly concludes to the fact that brand consciousness among the people is very high and on the increase. Thus marketers need to advertise their products in a big way, so as to make a good brand image in the consumers' mind. Consumers perceive products offered by companies with good brand equity to be of good quality and they are not ready to take any chances with these daily use products used for personal up-keep of the body. This is the reason that for most of the cities studied, people are most brand conscious about their skin-care (creams) and hair-care (shampoos). They are not ready to take any chances with their skin and hair and go only for quality products, perceived to be coming from good brands.

On the whole 41.5% people consider brand/company's image to be very important, 38.3% as important 13.8% to be less important and a mere 6.3% give no consideration to the brand company's image while going for the purchase.

Product categorically, soaps, creams, hair oils and shampoos show significant difference across city class with calculated chi square values of 21.05, 8.46, 8.09 and 13.74 respectively. While for tooth pastes, people of different city classes don't show any significant difference in brand consciousness (chi square value=5.51).



**Product Attribute Preference****Table 8S**

<b>Soaps</b>	I	II	III	Score
Contents	78	43	57	377
Pack/Container	34	51	32	236
Nourishment	52	69	37	331
Fragrance	14	67	45	221
Colour	3	5	27	46
Effect on skin	95	40	72	437
Density/Thickness	0	4	8	16
Feeling/Taste	6	3	4	28

**Table 8C**

<b>Creams</b>	I	II	III	Score
Contents	66	37	46	318
Pack/Container	20	19	37	135
Nourishment	60	71	34	356
Fragrance	20	67	63	257
Colour	2	17	5	45
Effect on skin	108	57	61	499
Density/Thickness	3	7	12	35
Feeling/Taste	2	6	23	41

**Table 8H**

<b>Hair-oils</b>	I	II	III	Score
Contents	68	54	52	364
Pack/Container	48	39	53	275
Nourishment	106	73	25	489
Fragrance	9	73	41	214
Colour	0	21	23	65
Effect on skin	38	7	36	164
Density/Thickness	12	11	37	95
Feeling/Taste	1	4	15	26

**Table 8P**

<b>Shampoos</b>	I	II	III	Score
Contents	90	31	54	386
Pack/Container	21	33	44	173
Nourishment	103	90	23	512
Fragrance	10	84	55	253
Colour	7	14	25	74
Effect on skin	31	20	29	162
Density/Thickness	13	10	27	86
Feeling/Taste	7	0	25	46

**Table 8T**

<b>Tooth-pastes</b>	I	II	III	Score
Contents	84	39	32	362
Pack/Container	13	37	53	166
Nourishment	63	40	41	310
Fragrance	17	36	17	140
Colour	17	41	34	167
Effect on skin	19	7	9	80
Density/Thickness	2	17	5	45
Feeling/Taste	67	65	88	419

**Citywise**

### Table C8

	Soaps				Creams				Hair Oils				Shampoos				T.Pastes			
A Class	I	II	III	Score	I	II	III	Score	I	II	III	Score	I	II	III	Score	I	II	III	Score
Contents	20	17	25	119	14	11	24	88	23	21	17	128	25	10	19	114	20	20	9	109
Pack/Container	10	14	15	73	3	8	9	34	10	10	23	73	4	5	24	46	4	14	23	63
Nourishment	16	22	11	103	17	29	15	124	36	27	11	173	32	33	10	172	19	12	17	98
Fragrance	9	24	16	91	8	22	22	90	1	25	13	66	5	21	13	70	5	13	4	45
Colour	0	3	4	10	1	3	0	9	0	1	6	8	2	6	5	23	3	13	13	48
Effect on skin	39	10	21	158	50	14	13	191	18	3	8	68	13	13	8	73	8	1	0	26
Density/Thickness	0	3	1	7	0	4	3	11	6	5	13	41	9	6	9	48	1	6	0	15
Feeling/Taste	0	1	1	3	0	2	7	11	0	2	3	7	4	0	6	18	4	15	28	70

B Class	Soaps			Creams			Hair Oils			Shampoos			T.Pastes							
	I	II	III	Score	I	II	III	Score	I	II	III	Score	I	II	III	Score				
Contents	20	13	27	113	16	12	15	87	13	28	27	122	24	16	29	133	29	15	17	134
Pack/Container	6	12	13	55	2	7	7	27	7	17	19	74	1	7	11	28	2	14	17	51
Nourishment	13	25	16	105	22	34	16	150	52	25	9	215	46	35	8	216	23	6	15	96
Fragrance	5	21	18	75	4	11	32	66	3	21	21	72	3	31	23	94	2	9	7	31
Colour	0	1	6	8	0	5	0	10	0	1	4	6	1	3	4	13	5	12	11	50
Effect on skin	50	23	12	208	51	23	15	214	15	1	6	53	16	3	6	60	7	0	4	25
Density/Thickness	0	1	3	5	0	1	4	6	6	2	7	29	3	2	7	20	1	7	4	21
Feeling/Taste	3	1	2	13	2	4	8	22	1	2	4	11	3	0	9	18	28	34	21	173

C Class	Soaps			Creams			Hair Oils			Shampoos			T.Pastes			
	I	II	III	Score	I	II	III	Score	I	II	III	Score	I	II	III	Score
Contents	38	13	5	145	36	14	7	143	32	5	8	114	41	5	6	139
Pack/Container	18	25	4	108	15	4	21	74	31	12	11	128	16	21	9	99
Nourishment	23	22	10	123	21	8	3	82	18	21	5	101	25	22	5	124
Fragrance	0	22	11	55	8	34	9	101	5	27	7	76	2	32	19	89
Colour	3	1	17	28	1	9	5	26	0	19	13	51	4	5	16	38
Effect on skin	6	7	39	71	7	20	33	94	5	3	22	43	2	4	15	29
Density/Thickness	0	0	4	4	3	2	5	18	0	4	17	25	1	2	11	18
Feeling/Taste	3	1	1	12	0	0	8	8	0	0	8	8	0	0	10	10
													5	16	39	86

### Brand Adherence

Table C9

Amroha	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	15	35.7	18	42.9	9	21.4	42	100	48
Creams	13	31.0	24	57.1	5	11.9	42	100	50
Hair-oils	13	31.0	12	28.6	17	40.5	42	100	38
Shampoos	0	0.0	24	57.1	18	42.9	42	100	24
Tooth-pastes	3	7.1	7	16.7	32	76.2	42	100	13

Sambhal	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	17	34.7	21	42.9	11	22.4	49	100	55
Creams	20	40.8	17	34.7	12	24.5	49	100	57
Hair-oils	18	36.7	17	34.7	14	28.6	49	100	53
Shampoos	20	40.8	14	28.6	15	30.6	49	100	54
Tooth-pastes	12	24.5	17	34.7	20	40.8	49	100	41

Aligarh	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	22	44.9	24	49.0	3	6.1	49	100	68
Creams	26	53.1	22	44.9	1	2.0	49	100	74
Hair-oils	27	55.1	20	40.8	2	4.1	49	100	74
Shampoos	34	69.4	13	26.5	2	4.1	49	100	81
Tooth-pastes	17	34.7	29	59.2	3	6.1	49	100	63

Hardwar	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	16	33.3	32	66.7	0	0.0	48	100	64
Creams	18	37.5	29	60.4	1	2.1	48	100	65
Hair-oils	16	33.3	29	60.4	3	6.3	48	100	61
Shampoos	27	56.3	15	31.3	6	12.5	48	100	69
Tooth-pastes	19	39.6	27	56.3	2	4.2	48	100	65

Chandigarh	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	16	34.0	31	66.0	0	0.0	47	100	63
Creams	16	34.0	29	61.7	2	4.3	47	100	61
Hair-oils	10	21.3	29	61.7	8	17.0	47	100	49
Shampoos	22	46.8	21	44.7	4	8.5	47	100	65
Tooth-pastes	23	48.9	21	44.7	3	6.4	47	100	67

Delhi	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	14	29.8	26	55.3	7	14.9	47	100	54
Creams	25	45.4	17	36.2	5	10.6	47	100	67
Hair-oils	23	40.4	20	42.6	4	8.5	47	100	66
Shampoos	27	56.7	17	36.2	3	6.4	47	100	71
Tooth-pastes	15	46.1	27	57.4	5	10.6	47	100	57

Total	strictly	%	usually	%	don't care	%	total	%	Score
Soaps	100	35.5	152	53.9	30	10.6	282	100	352
Creams	118	41.8	138	48.9	26	9.2	282	100	374
Hair-oils	107	37.9	127	45.0	48	17.0	282	100	341
Shampoos	130	46.1	104	36.9	48	17.0	282	100	364
Tooth-pastes	89	31.6	128	45.4	65	23.0	282	100	306

**Productwise****Table 9S**

<b>Soaps</b>	<b>strictly</b>	<b>%</b>	<b>usually</b>	<b>%</b>	<b>don't care</b>	<b>%</b>	<b>total</b>	<b>%</b>	<b>Score</b>
Amroha	15	35.7	18	42.9	9	21.4	42	100	48
Sambhal	17	34.7	21	42.9	11	22.4	49	100	55
Aligarh	22	44.9	24	49.0	3	6.1	49	100	68
Hardwar	16	33.3	32	66.7	0	0.0	48	100	64
Chandigarh	16	34.0	31	66.0	0	0.0	47	100	63
Delhi	14	29.8	26	55.3	7	14.9	47	100	54

**Table 9C**

<b>Creams</b>	<b>strictly</b>	<b>%</b>	<b>usually</b>	<b>%</b>	<b>don't care</b>	<b>%</b>	<b>total</b>	<b>%</b>	<b>Score</b>
Amroha	13	31.0	24	57.1	5	11.9	42	100	50
Sambhal	20	40.8	17	34.7	12	24.5	49	100	57
Aligarh	26	53.1	22	44.9	1	2.0	49	100	74
Hardwar	18	37.5	29	60.4	1	2.1	48	100	65
Chandigarh	16	34.0	29	61.7	2	4.3	47	100	61
Delhi	25	45.4	17	36.2	5	10.6	47	100	67

**Table 9H**

<b>Hair Oils</b>	<b>strictly</b>	<b>%</b>	<b>usually</b>	<b>%</b>	<b>don't care</b>	<b>%</b>	<b>total</b>	<b>%</b>	<b>Score</b>
Amroha	13	31.0	12	28.6	17	40.5	42	100	38
Sambhal	18	36.7	17	34.7	14	28.6	49	100	53
Aligarh	27	55.1	20	40.8	2	4.1	49	100	74
Hardwar	16	33.3	29	60.4	3	6.3	48	100	61
Chandigarh	10	21.3	29	61.7	8	17.0	47	100	49
Delhi	23	40.4	20	42.6	4	8.5	47	100	66

**Table 9P**

<b>Shampoos</b>	<b>strictly</b>	<b>%</b>	<b>usually</b>	<b>%</b>	<b>don't care</b>	<b>%</b>	<b>total</b>	<b>%</b>	<b>Score</b>
Amroha	0	0.0	24	57.1	18	42.9	42	100	24
Sambhal	20	40.8	14	28.6	15	30.6	49	100	54
Aligarh	34	69.4	13	26.5	2	4.1	49	100	81
Hardwar	27	56.3	15	31.3	6	12.5	48	100	69
Chandigarh	22	46.8	21	44.7	4	8.5	47	100	65
Delhi	27	56.7	17	36.2	3	6.4	47	100	71

**Table 9T**

<b>T. Pastes</b>	<b>strictly</b>	<b>%</b>	<b>usually</b>	<b>%</b>	<b>don't care</b>	<b>%</b>	<b>total</b>	<b>%</b>	<b>Score</b>
Amroha	3	7.1	7	16.7	32	76.2	42	100	13
Sambhal	12	24.5	17	34.7	20	40.8	49	100	41
Aligarh	17	34.7	29	59.2	3	6.1	49	100	63
Hardwar	19	39.6	27	56.3	2	4.2	48	100	65
Chandigarh	23	48.9	21	44.7	3	6.4	47	100	67
Delhi	15	46.1	27	57.4	5	10.6	47	100	57

# Brand Equity Importance

Table C10

Amroha	v. imp	imp	less imp	no con.	Score
Soaps	8	15	9	10	63
Creams	15	15	12	0	87
Hair-oils	11	13	11	7	70
Shampoos	12	12	13	7	73
Tooth-pastes	8	12	15	9	63
<b>Total</b>	<b>54</b>	<b>67</b>	<b>60</b>	<b>33</b>	<b>356</b>

Sambhal	v. imp	imp	less imp	no con.	Score
Soaps	11	18	13	9	82
Creams	21	16	8	4	103
Hair-oils	16	18	9	6	93
Shampoos	26	6	8	9	98
Tooth-pastes	18	15	11	5	95
<b>Total</b>	<b>92</b>	<b>73</b>	<b>49</b>	<b>33</b>	<b>471</b>

Aligarh	v. imp	imp	less imp	no con.	Score
Soaps	21	24	4	0	115
Creams	32	11	6	0	124
Hair-oils	24	18	7	0	115
Shampoos	33	13	3	0	128
Tooth-pastes	23	19	7	0	114
<b>Total</b>	<b>133</b>	<b>85</b>	<b>27</b>	<b>0</b>	<b>596</b>

Total	v. imp	imp	less imp	no con.	Score
Soaps	96	137	31	20	593
Creams	158	83	37	4	677
Hair-oils	101	117	49	15	586
Shampoos	143	92	33	16	646
Tooth-pastes	98	122	48	36	586
<b>Total</b>	<b>596</b>	<b>551</b>	<b>198</b>	<b>91</b>	<b>3088</b>

Hardwar	v. imp	imp	less imp	no con.	Score
Soaps	18	26	4	0	110
Creams	30	13	5	0	121
Hair-oils	13	25	10	0	99
Shampoos	20	24	4	0	112
Tooth-pastes	18	26	4	0	110
<b>Total</b>	<b>99</b>	<b>114</b>	<b>27</b>	<b>0</b>	<b>552</b>

Chandigarh	v. imp	imp	less imp	no con.	Score
Soaps	19	26	1	1	110
Creams	29	13	5	0	118
Hair-oils	15	22	9	1	98
Shampoos	18	26	3	0	109
Tooth-pastes	15	27	4	1	103
<b>Total</b>	<b>96</b>	<b>114</b>	<b>22</b>	<b>3</b>	<b>538</b>

Delhi	v. imp	imp	less imp	no con.	Score
Soaps	19	28	0	0	113
Creams	31	15	1	0	124
Hair-oils	22	21	3	1	111
Shampoos	34	11	2	0	126
Tooth-pastes	16	23	7	1	101
<b>Total</b>	<b>122</b>	<b>98</b>	<b>13</b>	<b>2</b>	<b>575</b>

## CHAPTER 9

### Pricing & Distribution

### **Pricing and Distribution**

In this chapter, the main focus will be on the following points-

- Kind of shops preferred by the consumers.
- Price perception of the selected product and price sensitivity.
- Availability and regularity of selected brands.
- Credit Policy and Margin offered by the companies for some selected brands.

The influence of various purchase decision factors has been assessed to help the marketer adopt a suitable strategy. But offering a stimulus to motivate the consumers may not influence them uniformly. This is because of the intervention of perception factor.

Among the psychological concepts influencing consumer behavior the major one is perception. Perception is the interpretation of stimuli by a consumer. Consumers perceive the stimulus differently. Attitude, personality traits and self-concept mainly contribute to one's perception. The past experience also contributes to the perception of a consumer because he associates it in all future purchase decisions. It is called apperception. Yankelovich<sup>1</sup> defines *apperception as seeing in the light of experience*. The perception of consumers in respect of reasonable price has been studied here.

Proper distribution coverage is a powerful tool to stimulate the demand and it can attract additional customers by offering better service. Its objective is to get the right goods to the right places at the right time for the least cost.

---

<sup>1</sup> Apperception in S. H. Britt (ed), Consumer Behaviour and Behavioural Sciences, John Wiley, 1966, pg. 157, Yankelovich, D.

Distribution management is the area in which substantial savings can usually be affected. Parker<sup>2</sup> describes it as the last frontier for cost economies. Peter Drucker<sup>3</sup> calls it as the economy's dark continent. It is generally thought that a little attention to this side of management will lead to profit optimization. According to Drucker "both the market and the distribution channel are often more crucial than the product. They are primarily the product is secondary. They deserve a good deal of attention and study much more than they usually receive".

Retailing has been one of the prominent driving forces of business in India. Traditionally it has been dominated to a large extent by the unorganized sector. But the growth of organized sector has been steady especially after the liberalization of the Indian economy with new players entering the market. Prior to 1990, the retailing sector in India was quite primitive as numerous regulatory hurdles hindered the development of organized activity. And there was very little incentive for organized activity, as the Indian consumer had not evolved enough to be ready for modern retail formats.

According to a survey conducted by CII & Mckinsey, the total number of retail outlets in India is more than 12 million. The survey estimated that retail segment in India contributes more than 10% to the GDP and employs around 8% of the total workforce. The high contribution is attributable to the fact that India has the largest retail outlet density relative to population. Compared to the number of retail outlets per 1000 people, India has 5-10 retail outlets whereas it is just 3.7 in the US. This itself highlights the extent of retail penetration in India. The total retail trade in India for the year was estimated

---

<sup>2</sup> Improved Efficiency and Reduced Cost in Marketing, Journal of Marketing, April 1962, pg. 15-21, Parker, D.D.

<sup>3</sup> The Economy's Dark Continent, Fortune, April 1962, pg. 103, Drucker, Peter.



to be around \$180 bn. With the estimated annual growth rate of 20%, the organized sector is expected to cross \$300 bn trade by the year 2010.

Gandhi<sup>4</sup> points out an interesting feature of the Indian distribution system that manufacturers seldom lend any marketing support to their intermediaries. This leads to channel conflict instead of cooperation and calls for a better management through effective compensation, motivation, coordination and control.

Availability and regularity in supply are the two aspects related with the management of physical distribution. An efficient system produces few occurrences of non-availability and irregularity in the supply.

### **ANALYSIS RESULTS:**

*Here we analyze the consumers' buying pattern in terms of the kind of shop they prefer to make their purchases from.*

Table C11 shows that on the whole, maximum purchases (48.4%) are made through medium sized shops. 29.4% respondents don't attach preference to the kind of shop and go on their convenience. Small and large size shops get a share of 11.8% and 10.5% respectively. In Amroha 71.0% people make their purchases from medium sized shops, 19.0% from small shops, 8.1% go as per convenience while only 1.9% buy from large shops. While in Sambhal 51.0% people make their purchases on their convenience basis, 33.9% go for medium size shops, 11.0% from small stores and 4.1% from large shops. Coming to Aligarh, 39.6% respondents prefer to go to medium sized shops, 3.9% go as per convenience, 14.7% make their purchase from large shops,

---

<sup>4</sup> Marketing- A Managerial Introduction, TMH, 1985, Gandhi, J.C.

while 11.8% from small shops. In Hardwar, 53.3% make their purchases from medium stores, 17.1% from large ones, 16.3% see their convenience and 13.3% show maximum preference (61.3%) for medium shops, 17.0% for large stores, 13.2% for small shops and 8.5% purchase on their convenience. For Delhi convenience is the greatest factor (55.3%), followed by medium sized shops (34.5%), large shops (7.7%) and small shops (2.6%). Thus each city shows a different pattern in their shop preference. However, medium sized shops and purchases made per convenience are preferred in general. This is because of availability of such shops. Thus kind of shop does not make any difference as such city wise. Similar is the outcome from Table 11. All these five products, namely soaps, creams, hair-oils, shampoos and tooth-pastes are general, daily use necessity items and kind of shop does not really matter in making their purchase. Again medium sized shops are preferred in all product categories, followed by those who make their purchases on their convenience. This is again because of availability of these medium sized shops widely i.e. these medium sized shops are more in number than small and large type shops. Same is the case with all the four income groups (Table I 11). Here also most of the people go for medium sized shops and as per their convenience.

*After analyzing the buying pattern of the consumers of different classes, we now assess the 'price-perception' of the consumers regarding the products chosen under the study. Prices and the perception about the prices makes a great impact on the consumer behavior, especially in the Indian context of 'price-sensitive' consumers, as seen in the following discussion.*

Table 12 shows the perception of the prices that consumers hold about the selected product categories. It clearly shows that shampoos and creams are perceived to hold high prices and manufacturers need to reduce them to bring

it in consonance with the consumers' perceived level. This step may boost the sales of these products. On the other hand, consumers are most comfortable with the prices of soaps, followed by tooth-pastes and hair-oils. This gives us a hint towards revising the prices of shampoos and creams. This also explains the spurt in sales of smaller economy sized packages of these two products. Success story of shampoo sachets can be attributed to this consumer perception about its price. Also several cream companies like Fair & Lovely have come up with its Rs.5 small sized economy package. Coming to Table C18, 13.8% respondents are willing to increase their product usage substantially, if the prices of these are reduced. Another 39.4% say that they will marginally increase the usage, given the price reduction. Thus in total, more than half the respondents (53.2%) would increase the product usage by the price reduction in the commodities. This holds an important message for the marketers and they can reformulate their pricing strategies accordingly, to cash on this price sensitiveness of the consumers. City wise, C-class cities of Amroha and Sambhal are less price sensitive, in comparison to B and A class cities (Table C13). Cities of Hardwar (7.3%) and Chandigarh (70.2%) show greater willingness by the respondents to increase their product usage, given the price reduction. Chi square shows significant difference among these cities (chi square value=14.13).

*Then we come to see the 'availability' of selected herbal and non-herbal brands in each category, as reported by the dealers.*

As is evident from Table 14, in soap category availability of both herbal (Neem, Pears) and non-herbal (Nirma, Lux) is around 25% (24.5%, 25.9% and 25%, 24.7% respectively). This shows that from viewpoint of availability, both herbal and non-herbal brands are at par as reported by the respondents.

Coming to creams, all herbal and non-herbal brands under study show availability between 25% and 31%. The only exception being that of Shahnaz (12.4%). Shahnaz falls under the premium category and is available only at selected high-end outlets. This is the reason that Shahnaz is most available in A-class cities of Chandigarh (10.2%) and Delhi (10.5%) marginally available in B-class cities of Aligarh (4.2%) and Hardwar (7.5%) and virtually non-existent in C-class cities of Amroha and Sambhal. It is mostly sold through franchise dealers and is not distributed widely. This category also shows herbal and non-herbal brands equally available.

In the hair-oils category, availability of herbal brands is slightly higher than the non-herbal brands. Herbal brands of Hair-Care (26.7%) and Dabur (24.4%) and Keo-Karpin (22.4%). This again reflects greater demand for the herbal products in this category, basically because of nourishment factor as discussed in Table 3H (Chapter 7). These herbal/natural contents are perceived to give better hair care.

The availability of shampoos falls between 23%- 27% range. While the herbal Ayur and non-herbal Head & Shoulders fair at 24.8% each, the other brands of Vatika (herbal) and Sunsilk (non-herbal) show 23.4% and 26.9% availability respectively. Thus in this category also, there is almost equal availability of both kind of brands.

Among the tooth-pastes, all brands except Forhans show 26%- 29% availability, with herbal brands of Babool and Colgate-Herbal at 26.7% and 26.3% respectively while non-herbal brand of Pepsodent at the highest 28.3%. Forhans does not fare well with recording only 18.7% availability. This is because it is a dying brand and even the promos for it are virtually stopped.

*The availability factor alone does not suffice in making a sale in these FMCG products. Thus we try to gauge the situation in terms of the preferred brands by the dealers i.e. the brands that the dealers are most interested to 'push' to the consumers.*

Table 15 shows, in the soap category; more number of herbal brands (11) are pushed by the dealers than the non-herbal ones (4). However, with the superb performance of Lux, the non-herbal category out does its counterpart. A total of 152 dealers recommend herbal brands to the consumer with no preference for the brand. Cinthol comes out as the most pushed in the herbal category, followed by Breeze, Nirma, Rexona, Margo, Hamam and Jai. In the non-herbal sector Lux is the clear best performer with 205 dealers recommending it. Lifebuoy, Fair-Glow and Palmolive also fare in the list, but not significantly. In total 242 dealers push non-herbal brands. Lux' lead in getting recommended by dealers needs to be aped by the herbal brands. The marketers of herbal brands may give better margin to dealers, adopt better credit policy and other things to catch up with Lux.

In the creams, Ayur is the sole herbal brand that has made inroads in the dealers' circuit. 83 respondents push it to the consumers. In the non-herbal category Fair & Lovely (57) is most pushed followed by Ponds (41), Boro-Plus (31), Charmis (17) and Lakme (16). In total 163 dealers recommend non-herbal brands as against 83 for herbal ones. Here also, although Ayur has taken a lead, other herbal brands need to work upon their strategy to gain favor in dealers' mind.

In hair-oil category herbal brands are more recommended than the non-herbal brands. A total of 407 dealers recommend herbal brand as against 86 for non-herbals. In the herbal category, Dabur-Amla is most favored by dealers, with 279 dealers pushing it. Other herbal brands are Hair & Care

(94), coconut oils Parachute/Nihar (23). Bajaj-Almond (9) and Dabur-Vatika (2) also show up. In the non-herbal category, Clinic-Plus (44) takes the lead followed by Keo-Karpin (37) and Sunsilk (5).

In the shampoo category, non-herbal brands have completely out done the herbal ones. 376 dealers recommend non-herbal brands as against 63 for herbal ones. In the herbal category, Ayur (35), Vatika (20) and Nyle (8) are recommended by dealers while in the non-herbal category Sunsilk (162) is most recommended followed by Clinic-Plus (117) Pantene (52), Head & Shoulders (29) and Lux (10) to mention the major players. This shows better incentives being offered by the major brands (non-herbal) to the dealers. Herbal players again need to reformulate their strategies to dealers for getting pushed into the market.

In the tooth-paste category also, non-herbal brands are way ahead of herbal brands. A total of 371 dealers recommend non-herbal brands as against a mere 323 for herbal ones. In the herbal category only two brands-Babool (13) and Miswak (10) are pushed. While in the non-herbal category Colgate (220) takes the lead followed by Pepsodent (87) and Close-Up (52). Anchor (8) and Aqua-Fresh (4) also makes insignificant entries. Here also the scenario is dominated by big MNCs flush with funds and adopt better distribution strategies than the home grown companies. Thus these companies (herbal) must reformulate their strategies to cope up with these MNCs.

*Then we come to the 'regular-supply' of various herbal and non-herbal brands to the outlets, because the regularity in supply is the prime objective of all distribution efforts by a company. Again, here we make a comparison between selected herbal and non-herbal brands in respective categories (Table 16).*

In the soap category, Lux shows the most regular supply among all the selected brands. On the whole, non-herbal brands of Nirma and Lux fare better in terms of regular supply than the herbal ones. Average score of non-herbals is 61 points ahead of the herbal brands.

Coming to creams, every chosen brand shows good supply except Shahnaz. Shahnaz score stands in negative (-177). Again because it is sold through selected outlets and is not widely available at every store, unlike other products chosen in the study. Hair-oils also show regular supply. However herbal brands of Hair & Care and Dabur-Amla fare better than the non-herbal brands of Clinic-Plus and Keo-Karpin.

In the shampoo category, non-herbal brands of Head & Shoulders and Sunsilk are ahead of herbal brands. The supply of herbal Ayur and Vatika falls back in comparison to the non-herbal brands.

In tooth-pastes, non-herbal Pepsodent registers the most regular supply with a score of 458. Next comes the Colgate-Herbal, followed by Babool. Non-herbal brand of Forhans has a dismal score of only 3 points. This is chiefly because it is a dying brand and is nearing a market exit.

Overall conclusion shows that the brands which are market leaders in their respective categories (like Lux, Pepsodent, Dabur-Amla etc.) have the most regular supplies to the various outlets i.e. their distribution network is very strong and they make it sure that their product is never out of stock. They meet their supply in consonance with their product's demand in the market.

*Apart from the regularity, a company's credit policy also plays a vital role in making dealers/shopkeepers stocking their products. Thus we take an overall*

*look to compare selected herbal and non-herbal brands across various product categories (Table 17).*

In the soaps category non-herbal brands offer better credit policy to dealers than the herbal brands chosen in our study. This clearly shows that herbal brands need to 'energize' dealers/shop-keepers by offering still better credit to them.

In the cream category, dealers are most satisfied by the credit offerings of the herbal brand Ayur. Non-herbal brands of Lakme and Ponds also fare well in these terms. It is only Shahnaz that stands low with a score of only 141. This is again because it is a premium brand sold through franchise dealers, only at selected outlets. This makes this an exception in the category. Thus herbal and non-herbal brands fare equally well in this category. And if we go by Ayur, herbal brands are better in terms of credit policy than the non-herbal ones.

In the hair-oil category the average score of herbal and non-herbal brands put both of them at par. Individually, non-herbal Clinic Plus offers the most attractive credit policy and non-herbal Keo-Karpin the least. Thus it is difficult to generalize the results in this category as individual brands have different credit offering irrespective of the category they belong to.

In the shampoo category, non-herbal brands of Sunsilk and Head & Shoulder fare much better than the herbal brands. With an average score of 377, non-herbal brands are ahead of herbal brands with 319.5. Sunsilk offers the most attractive credit policy, while Vatika's is the least attractive.



In the tooth-paste category, herbal brands offer a slightly better credit policy than the non-herbal brands. Although, individually Pepsodent is the leader in the group. Thus in this category also, we can conclude that individual brands offer different policies irrespective of the category they belong to (i.e. herbal/non-herbal).

*The next important thing that makes dealers keep and promote a product is the 'margin' they are getting on a particular product. This also forms an important part of the 'distribution strategy' formulated by various companies. Thus here we assess the products in these terms (Table 18).*

In the soap category, Lux, the market leader offers the maximum margin to the dealers/shop-keepers. Most of the dealers feel it to be attractive. On the whole non-herbal brands of Nirma and Lux offer better margin to dealers than the herbal brands. In the herbal category, Pears-another popular brand offers better margin to dealers than Neem. Neem makes a poor show in this regard with most of the respondents feeling it to offer less attractive or unattractive margins.

In the cream category herbal brand of Ayur offers the most attractive margin to dealers among the chosen brands. Non-herbal brands of Lakme and Ponds also show good results with most of the dealers marking this choice on attractive and highly attractive columns. Again Shahnaz is the exception here. Shahnaz, being a premium product, has a very selected upper end clientele. It is mostly sold on its brand value. This is the reason that it does not offer greater margins to dealers and most find its margin to be unattractive and less-attractive, resulting in a negative score. This leaves scope for Shahnaz to work upon this aspect of its product.

In the hair-oil category both the highest and least scores are for non-herbal brands of Clinic-Plus and Keo-Karpin respectively. But on the whole, herbal brands of Hair & Care and Dabur-Amla fare better than the non-herbal brands.

Coming to shampoos, on the whole herbal brands of Ayur and Vatika fare better (with average score of 180.5) than the non-herbal brands (with average score 169.5). Ayur offers the most attractive margin to dealers, followed by Sunsilk. Vatika and Head & Shoulders, with low scores of 84 and 73 leaves vast scope for marketers to reframe the margin offered by them to the dealers. Vatika being a late entrant into the market and Hindustan Lever's Ayush posing a threat to it, immediately needs to work on this aspect not only to gain market share but also to sustain its already existing market share.

In the tooth-paste category, Peposdent offers the most attractive margin to dealers followed by Colgate-Herbal, Babool and Forhans. Forhans shows a negative score again because it's a dying product and no fixed strategy is formulated to promote it. Thus, with the exception of Forhans, every brand fares good in this category.

**Kind of Shop**  
**Table C11**

<b>Amroha</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	7	30	0	5	42
Creams	8	32	2	0	42
Hair-oils	13	27	2	0	42
Shampoos	7	32	0	3	42
Tooth-pastes	5	28	0	9	42
Total	40	149	4	17	210
%	19.0	71.0	1.9	8.1	100
<b>Sambhal</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	5	17	1	26	49
Creams	4	20	3	22	49
Hair-oils	2	25	1	21	49
Shampoos	6	7	4	32	49
Tooth-pastes	10	14	1	24	49
Total	27	83	10	125	245
%	11.0	33.9	4.1	51.0	100
<b>Aligarh</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	8	19	4	18	49
Creams	3	14	17	15	49
Hair-oils	4	22	6	17	49
Shampoos	4	23	6	16	49
Tooth-pastes	10	19	3	17	49
Total	29	97	36	83	245
%	11.8	39.6	14.7	33.9	100
<b>Hardwar</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	11	22	4	11	48
Creams	0	23	19	6	48
Hair-oils	4	29	7	8	48
Shampoos	5	31	7	5	48
Tooth-pastes	12	23	4	9	48
Total	32	128	41	39	240
%	13.3	53.3	17.1	16.3	100
<b>Chandigarh</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	9	28	4	6	47
Creams	2	24	17	4	47
Hair-oils	7	31	6	3	47
Shampoos	4	32	8	3	47
Tooth-pastes	9	29	5	4	47
Total	31	144	40	20	235
%	13.2	61.3	17.0	8.5	100
<b>Delhi</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	2	18	3	24	47
Creams	4	16	3	24	47
Hair-oils	0	18	4	25	47
Shampoos	0	15	7	25	47
Tooth-pastes	0	14	1	32	47
Total	6	81	18	130	235
%	2.6	34.5	7.7	55.3	100
<b>Total</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Soaps	42	134	16	90	282
Creams	22	129	60	71	282
Hair-oils	30	152	26	74	282
Shampoos	26	140	32	84	282
Tooth-pastes	46	127	14	95	282
Total	166	682	148	414	1410
%	11.8	48.4	10.5	29.4	100

Income wise

Table I 11

Below 4000		Small	%	Medium	%	Large	%	Conven.	%	Total
Soaps		14	25.9	19	35.2	1	1.9	20	37.0	54
Creams		11	20.4	29	53.7	4	7.4	10	18.5	54
Hair-oils		14	25.9	25	46.3	3	5.6	12	22.2	54
Shampoos		14	25.9	21	38.9	2	3.7	17	31.5	54
Tooth-pastes		15	27.8	20	37.0	1	1.9	18	33.3	54
Total		68		114		11		77		270
%		25.2		42.2		4.1		28.5		100
4000-8000		Small	%	Medium	%	Large	%	Conven.	%	Total
Soaps		18	26.5	32	47.1	2	2.9	16	23.5	68
Creams		4	5.9	34	50.0	23	33.8	7	10.3	68
Hair-oils		8	11.8	47	69.1	4	5.9	9	13.2	68
Shampoos		8	11.8	34	50.0	10	14.7	16	23.5	68
Tooth-pastes		20	29.4	34	50.0	2	2.9	12	17.6	68
Total		58		181		41		60		340
%		17.1		53.2		12.1		17.6		100
8001-12000		Small	%	Medium	%	Large	%	Conven.	%	Total
Soaps		2	3.6	35	62.5	4	7.1	15	26.8	56
Creams		2	3.6	26	46.4	10	17.9	18	32.1	56
Hair-oils		1	1.8	35	62.5	2	3.6	18	32.1	56
Shampoos		2	3.6	33	58.9	4	7.1	17	30.4	56
Tooth-pastes		4	7.1	29	51.8	2	3.6	21	37.5	56
Total		11		158		22		89		280
%		3.9		56.4		7.9		31.8		100
Above 12000		Small	%	Medium	%	Large	%	Conven.	%	Total
Soaps		8	7.7	48	46.2	9	8.7	39	37.5	104
Creams		4	3.8	40	38.5	24	23.1	36	34.6	104
Hair-oils		7	6.7	45	43.3	17	16.3	35	33.7	104
Shampoos		2	1.9	52	50.0	16	15.4	34	32.7	104
Tooth-pastes		7	6.7	44	42.3	9	8.7	44	42.3	104
Total		28		229		75		188		520
%		5.4		44.0		14.4		36.2		100

**Product wise****Table 11**

<b>Soaps</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Amroha	7	30	0	5	42
Sambhal	5	17	1	26	49
Aligarh	8	19	4	18	49
Hardwar	11	22	4	11	48
Chandigarh	9	28	4	6	47
Delhi	2	18	3	24	47
<b>Creams</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Amroha	8	32	2	0	42
Sambhal	4	20	3	22	49
Aligarh	3	14	17	15	49
Hardwar	0	23	19	6	48
Chandigarh	2	24	17	4	47
Delhi	4	16	3	24	47
<b>Hair-Oils</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Amroha	13	27	2	0	42
Sambhal	2	25	1	21	49
Aligarh	4	22	6	17	49
Hardwar	4	29	7	8	48
Chandigarh	7	31	6	3	47
Delhi	0	18	4	25	47
<b>Shampoos</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Amroha	7	32	0	3	42
Sambhal	6	7	4	32	49
Aligarh	4	23	6	16	49
Hardwar	5	31	7	5	48
Chandigarh	4	32	8	3	47
Delhi	0	15	7	25	47
<b>T. Pastes</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Conven.</b>	<b>Total</b>
Amroha	5	28	0	9	42
Sambhal	10	14	1	24	49
Aligarh	10	19	3	17	49
Hardwar	12	23	4	9	48
Chandigarh	9	29	5	4	47
Delhi	0	14	1	32	47

**Price Perception**

**Table 12**

	<b>Attractive</b>	<b>Reasonable</b>	<b>OK</b>	<b>High</b>	<b>Exorbitant</b>	<b>Score</b>
<b>Soaps</b>	28	126	80	39	9	125
<b>Creams</b>	20	53	77	128	4	-43
<b>Hair-oils</b>	13	82	129	52	6	44
<b>Shampoos</b>	7	61	79	124	11	-71
<b>T. Pastes</b>	30	72	125	49	6	71
<b>Total</b>	98	394	490	392	36	126

**Price Sensitivity**

**Table 13**

Respondents' reaction to pr	No.	%
Substantially increase usage	39	13.8
Marginally increase usage	111	39.4
No change	132	46.8
<b>Total</b>	<b>282</b>	<b>100</b>

**Citywise**

**Table C13**

Respondents' reaction to pr	Amroha	Sambhal	Aligarh	Hardwar	Chandi.	Delhi
Substantially increase usage	2	5	2	8	12	10
Marginally increase usage	15	10	26	27	21	12
No change	25	34	21	13	14	25

Availability

**Table 14**

Herbal	Amroha		Sambhal		Aligarh		Hardwar		Chandigarh		Delhi		Total	
	Y	%	Y	%	Y	%	Y	%	Y	%	Y	%	Y	%
Soaps														
	44	20.3	38	25	27	25.7	40	25.3	44	19.6	41	19.4	234	24.5
Creams														
	43	19.8	41	27.0	24	22.9	39	24.7	48	21.4	44	20.9	239	25.0
Hair-oils														
	43	33.6	42	35	21	29.2	38	31.7	47	32.0	46	32.2	237	30.2
Shampoos														
	0	0	0	0	3	4.2	9	7.5	15	10.2	15	10.5	97	12.4
T.pastes														
	47	25.8	44	20.5	33	25.0	44	27.2	48	23.0	45	28.5	261	26.7
	45	24.7	44	20.5	33	25.0	44	27.2	48	23.0	45	28.5	259	26.5
	44	20.3	47	28.0	21	9.7	38	23.0	48	26.7	44	26.3	242	24.8
	43	19.8	37	22.0	30	13.8	41	24.8	40	22.2	37	22.2	228	23.4
	47	37.9	45	29.4	30	25.6	41	25.9	43	25.9	40	26.1	246	26.7
	44	35.5	37	24.2	30	25.6	43	27.2	46	27.7	42	27.5	242	26.3

Non Herbal	Amroha		Sambhal		Aligarh		Hardwar		Chandigarh		Delhi		Total	
	Y	%	Y	%	Y	%	Y	%	Y	%	Y	%	Y	%
Soaps														
	44	20.3	45	29.6	33	31.4	41	25.9	44	19.6	41	19.4	248	25.9
Creams														
	46	21.2	38	25.0	21	20.0	38	24.1	48	21.4	45	21.3	236	24.7
Hair-oils														
	39	30.5	38	31.7	18	25.0	32	26.7	43	29.3	41	28.7	211	26.9
Shampoos														
	46	35.9	40	33.3	30	41.7	41	34.2	42	28.6	41	28.7	240	30.6
T.pastes														
	44	24.2	43	20.0	33	25.0	40	24.7	41	19.6	38	24.1	239	24.4
	46	25.3	44	20.5	33	25.0	34	21.0	32	15.3	30	19.0	219	22.4
	47	21.7	47	28.0	33	15.2	44	26.7	47	26.1	44	26.3	262	26.9
	43	19.8	37	22.0	33	15.2	42	25.5	45	25.0	42	25.1	242	24.8
	46	37.1	45	29.4	33	28.2	44	27.8	48	28.9	45	29.4	261	28.3
	37	29.8	26	17.0	24	20.5	30	19.0	29	17.5	26	17.0	172	18.7

# Dealers' Recommendation

Table 15

S.No.	Soaps	
	Herbal	Non Herbal
1	4.Cinthal	37
2	11.Breeze	23
3	5.Nima	16
4	12.Liril	16
5	8.Rexona	15
6	15.Margo	11
7	14.Hamam	11
8	10.Jai	10
9	16.Pears	5
10	18.Neem	5
11	1.Lime Fresh	3
	<b>Total</b>	<b>152</b>
		<b>Total</b> 242

S.No.	Creams	
	Herbal	Non Herbal
1	1.Ayur	83
2	8.Fair Glow	1
3		
4		
5		
6		
	<b>Total</b>	<b>84</b>
		<b>Total</b> 163

S.No.	Shampoos	
	Herbal	Non Herbal
1	7.Ayur	35
2	5.Vatika	20
3	8.Nyle	8
4		
5		
6		
7		
	<b>Total</b>	<b>63</b>
		<b>Total</b> 376

S.No.	Hair Oils	
	Herbal	Non Herbal
1	2.Dabur Amla	279
2	7.Parachute/Nihar	23
3	6.Bajaj Almond	9
4	4.Vatika	2
	<b>Total</b>	<b>313</b>
		<b>Total</b> 180

S.No.	Tooth Pastes	
	Herbal	Non Herbal
1	5.Babool	13
2	7.Miswak	10
3		
4		
5		
	<b>Total</b>	<b>23</b>
		<b>Total</b> 371



### Regular Suuply

**Table 16**

		VR	MR	SR	Ir	Score	Average
<b>Soaps</b>	Neem	56	142	45	25	159	215
	Pears	112	106	41	9	271	
	Nirma	62	141	47	17	184	276
	Lux	169	75	3	21	368	
<b>Creams</b>	Ayur	113	109	26	20	269	46
	Shahnaz	24	70	53	121	-177	
	Lakme	101	116	25	26	241	253
	Ponds	103	122	23	20	265	
<b>Hair-oils</b>	Hair&Care	114	139	11	4	348	363
	Dabur-Amla	154	94	16	4	378	
	Clinic- Plus	143	97	20	8	347	307.5
	Keo-Karpin	83	150	22	13	268	
<b>Shampoos</b>	Ayur	102	133	11	22	282	252
	Vatika	79	137	31	21	222	
	Sunsilk	164	87	8	9	389	357.5
	H&S	137	101	11	19	326	
<b>T.pastes</b>	Babool	87	138	31	12	257	300
	Col.Herbal	153	88	3	24	343	
	Forhans	38	112	51	67	3	230.5
	Pepsodent	199	66	0	3	458	
						5201	

VR: Very Regular :: SR: Sometimes Reg.

MR: Mostly Regular :: Ir : Irregular

### Credit Policy

**Table 17**

		At	MA	Un	Score	Average
<b>Soaps</b>	Neem	73	120	71	266	308
	Pears	122	106	37	350	
	Nirma	76	125	56	277	336
	Lux	149	97	14	395	
<b>Creams</b>	Ayur	123	111	25	357	249
	Shahnaz	22	97	148	141	
	Lakme	119	105	36	343	335.5
	Ponds	101	126	38	328	
<b>Hair-oils</b>	Hair&Care	139	106	13	384	369.5
	Dabur-Amla	110	135	13	355	
	Clinic- Plus	142	109	12	393	365.5
	Keo-Karpin	109	120	29	338	
<b>Shampoos</b>	Ayur	108	117	33	333	319.5
	Vatika	76	154	28	306	
	Sunsilk	169	83	11	421	377
	H&S	108	117	35	333	
<b>T.pastes</b>	Babool	85	152	26	322	332
	Col.Herbal	106	130	29	342	
	Forhans	58	133	71	249	320
	Pepsodent	143	105	10	391	
					6624	

At :Attractive :: Un: Unattractive

MA :Moderately Attractive

8.Measuring attractiveness of the margin offered by the companies to dealers:

**Margin to Dealers**

**Table 18**

		HA	At	LA	Un	Score	Average
<b>Soaps</b>	Neem	33	98	112	25	2	63
	Pears	66	102	90	10	124	
	Nirma	33	128	99	8	79	
	Lux	88	124	40	16	228	153.5
<b>Creams</b>	Ayur	64	162	31	11	237	-2.5
	Shahnaz	13	45	107	103	-242	
	Lakme	77	128	44	19	200	
	Ponds	69	118	68	13	162	181
<b>Hair-oils</b>	Hair&Care	78	135	51	4	232	207.5
	Dabur-Amla	55	144	67	2	183	
	Clinic- Plus	69	153	40	6	239	
	Keo-Karpin	67	101	96	4	131	185
<b>Shampoos</b>	Ayur	80	156	25	7	277	180.5
	Vatika	41	121	93	13	84	
	Sunsilk	67	167	33	1	266	
	H&S	66	86	87	29	73	169.5
<b>T.pastes</b>	Babool	86	117	56	9	215	247.5
	Col.Herbal	95	139	19	15	280	
	Forhans	48	69	95	56	-42	
	Pepsodent	109	130	25	4	315	136.5
						3043	

HA : Highly Attractive :: Un: Uattractive

At : Attractive :: LA: Less Attractive

## CHAPTER 10

### Promotion

### **Promotion**

The following aspects have been covered in the study relating to the promotion function-

1. Attitude towards different sales promotion tools.
2. Source of product knowledge and its credibility level.
3. Advertisements recalled for different products.
4. The reported advertising media-mix in use.
5. Level of promotion used by various brands/companies chosen in the study.

Promotion function is mainly communicational in nature and consists of the different promo-tools like advertising, sales promotions, personal selling, publicity, incentive tools etc. In today's post-liberalization era, when the market is cluttered with so many brands and product variants in each product category; its ultimately the 'sales' that matters at the end of the day for each company.

In order to achieve its objective, not only a quality product needs to be in offering, but to promote it in a direction, specific to the target market is the need of the hour. Effective 'promotion' of a product/brand is a must to survive amidst the cutthroat competition in the FMCG area. Owing to the nature of these products (low priced daily use items), these promotions hold a distinct significance all the more. With the fast changing market scenario, one must always be on toes to keep up to the pace.

We need the answers to a few questions. What are the changing perceptions of the consumers? How effectively is the message reaching the consumers and from what sources? What remains the task of communication program

ahead? What message and media suits a particular area/consumer class etc?  
How to estimate the communication budget and allocate it to different promotional tools?

In establishing the clear-cut promotional objectives, setting its budget and developing an effective promotional mix, the planner is guided by the type of product, the tasks ahead, the stage of product life cycle and the economic outlook, as Kotler<sup>1</sup> summarizes the whole communication theory. Care should also be taken that there may not be too much discrepancy between the claims and the offers. Tall claims not supported by the high quality will eventually worsen the image of the brand.

To plan the promotional effort, the foremost thing is to know the source of knowledge of the customers about the brands of different products. This will show how far the promotional effort is going to be effective, as the share of various promotional methods will come to light. These sources of knowledge constitute reference groups, mass media, hoardings & posters and retailers. Out of the various promotional tools, we concentrate on only two of them, namely- advertising and sales promotion, which seems to be more relevant to the product categories taken in the study.

The communicator's task is to research the impact of the previous advertising effort so far made. This determines how much of the task is left and what should be the objective of the proposed plan. The sample respondents have been enquired about advertisements of different herbal products reached to them. This also highlights the differences in the advertising efforts made by the different producers.

---

<sup>1</sup> Marketing Management- Analysis, Planning and Control, PHI, 5<sup>th</sup> Ed, Phillip, Kotler.

Media selection is the next important issue and needs to be treated differently in different area types. The media planner has to review each major media type for its relevance for the target audience. The media types vary in their reach, frequency, cost and impact values as Greenberg<sup>2</sup> points out. The selected sample respondents have also been enquired about the media mix through which the message of different products has reached to them. This shows the advertising media usage in different areas in respect of the message successfully reached. This may form a basis of media selection decision.

Sales promotion comprises a wide variety of short-term incentives to stimulate the early and increased sales. High rates of inflation have caused a number of such tactics being aggressively used to motivate the customers. Brown<sup>3</sup> says that sales promotion yield faster responses in sales than advertising, though they do not tend to yield new, long-term buyers in mature markets because they attract mainly deal-prone consumers who switch among brands as deal becomes available.

Price discounts and free gift are two such methods being commonly used in India, with others like prizes, contests, surprise items, coupons also being offered to the fancied consumers. With the competition building up, offers like 'buy-one-get-one-free' are also in the offing. Therefore, the present study makes an attempt to measure the attitude of different consumer groups regarding various tools. The analysis of this part indicates how far the customers are expected to accelerate their purchases on the availability of these efforts.

---

<sup>2</sup> Inter Media Comparisons, *Journal of Advertising Research*, Oct 1972, pg. 47-49, Greenberg, Allan.

<sup>3</sup> Sales Response to Promotions and Advertising, *Journal of Advertising Research*, Aug 1974, pg. 33-39, Brown, R.G.

**ANALYSIS RESULTS:**

*Coming to the 'promotion', we start with the consumers' preference for the various promo-tools initiated by the companies to attract consumers' attention and increase short-term sales (Table 19).*

On the whole, with a score of 557, consumers rate 'discount' on the products as the most important promotional tool. It is this perceived saving on these daily use necessity items that customers prefers the most. These small savings accrue in a tangible amount and are further utilized by the people.

First distant runner up is 'free gift' with a score of 382. As discussed earlier, these free gifts are appreciated, again as savings on ones budget. Usually, related free items are attached with these necessity items. Sometimes same product is given free with specified amount of purchase to boost sales. For example, one soap free with a purchase of two-three soaps is a common scheme in this product category. So consumers are tempted to avail this opportunity and thus make their savings.

Second runner up is 'buy-one-get-one-free' scheme. This gives an added reason to customers to get double the amount they are going for. For these daily use items, stocking is never a problem. For example one tooth-paste free with the purchase of one is considered a good opportunity to put one in use and other in stock for later use. At number four are 'prizes', followed by 'surprise items', 'coupons' and at last are 'contests'.

City wise in every city top preference goes to price discounts and second and third positions are again held by free gifts and buy-one-get-one-free. In C-class cities of Amroha and Sambhal, buy-one-get-one-free is preferred more

than free gifts, while in B and A class cities the opposite holds true. In Amroha prizes holds the number four slot, followed by surprise items, coupons and then contests. While in Sambhal surprise items comes at number four followed by coupons, prizes and contests. In Aligarh contests take the fourth position in preference, then come prizes, followed by surprise items and finally come coupons. While in Hardwar prizes comes fourth again followed by coupons, surprise items and then contests. In Chandigarh and Delhi both, prizes come fourth followed by coupons, surprise items and contests come last. Thus top three preferences in all cities are same i.e. price discounts, free gifts and buy-one-get-one-free and marketers must concentrate around these three to promote their products. As for low order preferences, they vary in each city and can be comfortably ignored.

*Then we try to assess the source of consumers that they use to collect information of the product/brand, which make considerable influence so as to affect their purchase behavior (Table 20).*

Most important information source that effects the purchase decision of consumers is the 'advertisement' and 'publicity campaigns' orchestrated by the companies to promote their products, as depicted by the respondents (48.5%). In this age of media, various advertisement and publicity tools like television, print media etc are available to the marketers. These media have penetrated to lowest levels of the population and have wide reach among people of all classes. Thus the marketers utilize these fully, to turn consumers' perception in their favor. These are very handy to target market ones products. For example print media, having well defined clientele is used to target these consumers specifically. Thus women's magazines, computer magazines, health magazines etc have advertisements of related products so that they have a very specific reach, making very impressive impact on



consumers' mind. Similar is the case of electronic media. This is the reason that airtime rates of various TV channels are highest during prime hours.

Second most important role is played by 'friends and relatives' (23.6%) closely followed by 'family members' (21.9%). In a nutshell the inner-circle of a person plays vital role in making a brand related decision. A positive word of mouth may turn the point in favor and vice-versa. Here comes the role of value for money. A good product initiates a positive word of mouth, that triggers further sales of product, not only in terms of second purchase but also boosting trial purchase by various friends and relatives of a satisfied user. Thus companies must live up to their image and deliver good quality products along with advertising and campaign.

'Retailers' are a second fiddle and don't play important role. However 5.1% respondents take their advice also in arriving at decision for what brand to go for.

City wise the patterns are similar with every city except Delhi, marking advertisement and publicity as the most crucial factor in purchase decision. Delhites consider family members to be most important (32.1%) followed by advertisement and publicity (29.5%) and friends/relatives (24.4%).

All in all, advertisement and publicity and consultation with friends/relatives and family members are crucial factors in deciding the brand to go for.

*Now we put our focus on the herbal brands and see what level of awareness is there in the consumers regarding the herbal brands in each product category. This is followed by an overview of the 'communication medium', which make impact on the consumers (Table 22).*

Total number of advertisements seen in all the categories for herbal products, exceed the 1000 figure as 1244, 1112, 1148, 1149, 1114 for soaps, creams, hair-oils, shampoos and tooth-pastes respectively. An interesting trend to be noted here is that people of C-class cities recalled more number of advertisements in each category. In the shampoo category, Sambhal shows the maximum number of people recollecting the herbal advertisements with the figure reaching to 320. These two cities of Amroha and Sambhal exceed in other categories as well, than the B and A class cities. This shows that people in C-class cities are more savvy towards media (basically TV) and it makes greater impact in their mind, as they can recollect more number of advertisements seen than others. This gives an opportunity to marketers to effectively increase their consumer base in these by increasing advertising their products. This is good news for them as the more urban markets are already getting saturated for all the product categories.

'Television' is the most effective and widely reached medium of publicity and advertisement in all the cities. 'News-Paper' comes a distant second in making a reach to the consumers. 'Magazines' put up a dismal show and very few people can recollect advertisements seen in them. 'Radio' put up some presence in the C-class cities of Amroha and Sambhal and is virtually non-existent in the more urbanized B and A class cities. Thus, TV is by far the most effective medium of advertising and publicity and any attempt in this direction must be through this media.

*Today, with the advent of newer technologies, consumers are barged with lots of wanted and unwanted information through various media channels. It is important to be seen that how much impact this information makes on the purchase behavior of the consumers. Thus we now try to assess the level of*

*'trustworthiness' that consumers attach to the information gathered from various sources (Table 21).*

138 respondents (48.9%) consider the information gathered through various sources as 'informative' i.e. they consider it good but still don't give it hundred percent credibility. They add same amount of self-assessment to it, before making the final purchase.

And 97 respondents (34.4%) put this information gathered through various sources to further 'scrutiny'. In this case the consumers are apprehensive of this information and take more self-assessment before going for the purchase. This assessment is basically through going into product details like content, packing, etc and using their own discretion in making the final decision. 9.2% respondents feel this information as 'misleading' i.e. their trust gets eroded and another 2.5% considers it to be 'false' i.e. they do not trust this information at all and depend totally on their self-assessment. Only 5% of the respondents take this information as 'trust worthy' and make their buying decisions based solely on this information,

*Now, to have a better analysis of the situation, dealers' opinion on- what promotional tools are most effective in promoting ones products, is also taken into account (Table 23).*

On the whole, the dealers rate 'advertisements' as the most effective promotional tool. It is through better advertising that a product catches consumers' fancy and a demand is created. Consumers go to the counter and ask for a particular brand of a product category.

Next important factor comes as 'discount' to customers. This is because dealers are aware of the price sensitiveness of the Indian consumers. A reduction in price spurts demand for a product or at least generates preference for it.

'Free gifts' are also appreciated by the consumers. For example, free shampoo sachets with soap bar purchase, etc are pretty, prevalent now a days. According to dealers, this is also quite appreciated by the consumers.

'Discount to dealers' also fares well in promoting a product. This point holds special relevance to the herbal manufacturers as dealers push those products into the market on which they get greater margins. 'Packaging' and 'coupons' also play a good role in promoting a product.

Going with the top three preferences in each city, it is observed that Amroha dealers put discount to customers, free gifts and discount to dealers as their top promotional tools, in that order. Dealers in Sambhal say discount to consumers, free gifts and advertising are most important promotional tools in same order. Dealers of B and A class cities cite advertising as the most important promotion tool. This may be because advertising has greater impact on the consumers of B and A class cities. Other factors are discount to consumers and free gifts in Aligarh, Hardwar and Delhi. Discount to dealers also fares at par in Delhi while in Chandigarh discount to dealers and discount to consumers are other two important factors.

This holds an important message for the marketers. They need to formulate a right promotion mix for their product, combining advertisement, discount to dealers and customers and other schemes, as per the need to increase their sales and increase market share.

*Finally, we make an assessment of the frequency of schemes/incentives given by the companies and make a comparison between herbal and non-herbal brands in each product category (Table 24).*

Taking a look at the average scores of Table D7, it is clear that in every product category chosen, non-herbal brands have fared better in terms to giving schemes and incentives to the dealers with the exception of tooth-pastes. In the toot-paste category also, non-herbal Pepsodent is way ahead of the herbal brands of Babool and Colgate-Herbal. It is because of the dying brand of Forhans that the average score is affected. Thus virtually in this category also, non-herbal brands have fared better than the herbal ones.

This gives a clear case for the marketers of herbal products in every category to take action in this direction and formulate a better strategy to deal with the dealers.

### Promotion Tools

**Table 19**

<b>Amroha</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	20	2	8	72
Free Gift	6	16	10	60
Get One Free	7	19	6	65
Coupons	0	2	7	11
Prizes	3	2	9	22
Contests	0	0	2	2
Surprise Items	6	1	0	20

<b>Hardwar</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	19	12	8	89
Free Gift	12	15	11	77
Get One Free	7	8	20	57
Coupons	1	3	6	15
Prizes	4	5	3	25
Contests	3	1	0	11
Surprise Items	2	4	0	14

<b>Sambhal</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	30	5	6	106
Free Gift	7	3	14	41
Get One Free	7	22	7	72
Coupons	1	9	3	24
Prizes	0	5	4	14
Contests	0	3	0	6
Surprise Items	4	2	15	31

<b>Chandigarh</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	24	10	6	98
Free Gift	11	14	13	74
Get One Free	3	15	21	60
Coupons	0	4	3	11
Prizes	6	2	2	24
Contests	1	2	0	7
Surprise Items	2	0	2	8

<b>Aligarh</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	23	7	7	90
Free Gift	8	11	15	61
Get One Free	7	12	9	54
Coupons	3	2	4	17
Prizes	1	7	9	26
Contests	6	4	1	27
Surprise Items	1	6	4	19

<b>Delhi</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	26	10	4	102
Free Gift	5	19	16	69
Get One Free	10	8	13	59
Coupons	0	5	5	15
Prizes	4	1	4	18
Contests	1	2	1	8
Surprise Items	1	2	4	11

<b>Total</b>	<b>I</b>	<b>II</b>	<b>III</b>	<b>Score</b>
Discount	142	46	39	557
Free Gift	49	78	79	382
Get One Free	41	84	76	367
Coupons	5	25	28	93
Prizes	18	22	31	129
Contests	11	12	4	61
Surprise Items	16	15	25	103

**Information Source**

**Table 20**

Source of Info.	Amroha		Sambhal		Aligarh		Hardwar		Chandigarh		Delhi		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Adv. & Pub.	37	46.3	41	67.2	31	41.9	37	56.1	41	55.4	23	29.5	210	48.5
Friends/Relatives	19	23.8	4	6.6	22	29.7	19	28.8	19	25.7	19	24.4	102	23.6
Family Members	19	23.8	14	23.0	15	20.3	9	13.6	13	17.6	25	32.1	95	21.9
Retailers	5	6.3	2	3.3	4	5.4	1	1.5	1	1.4	9	11.5	22	5.1
Any Other	0	0	0	0	2	2.7	0	0	0	0	2	2.6	4	0.9
<b>Total</b>	<b>80</b>	<b>100</b>	<b>61</b>	<b>100</b>	<b>74</b>	<b>100</b>	<b>66</b>	<b>100</b>	<b>74</b>	<b>100</b>	<b>78</b>	<b>100</b>	<b>433</b>	<b>100</b>

**Credibility of Information**

**Table 21**

Cred. of Info.	Amroha		Sambhal		Aligarh		Hardwar		Chandigarh		Delhi		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
trust worthy	2	4.8	1	2.0	2	4.1	1	2.1	3	6.4	5	10.6	14	5.0
informative	36	85.7	20	40.8	17	34.7	22	45.8	25	53.2	18	38.3	138	48.9
scrutiny	3	7.1	13	26.5	22	44.9	21	43.8	16	34.0	22	46.8	97	34.4
misleading	1	2.4	11	22.4	7	14.3	4	8.3	3	6.4	0	0	26	9.2
false	0	0	4	8.2	1	2.0	0	0	0	0	2	4.3	7	2.5
<b>Total</b>	<b>42</b>	<b>100</b>	<b>49</b>	<b>100</b>	<b>49</b>	<b>100</b>	<b>48</b>	<b>100</b>	<b>47</b>	<b>100</b>	<b>47</b>	<b>100</b>	<b>282</b>	<b>100</b>
	<b>Score</b>	<b>39</b>	<b>Score</b>	<b>3</b>	<b>Score</b>	<b>12</b>	<b>Score</b>	<b>20</b>	<b>Score</b>	<b>28</b>	<b>Score</b>	<b>24</b>	<b>Score</b>	<b>126</b>

**Media**  
**Table 22**

No. of advertisement seen stressing on "herbal" aspect-

	<b>Soaps</b>	<b>Creams</b>	<b>Hair-Oils</b>	<b>Shampoos</b>	<b>Tooth-Pastes</b>
0 to 5	203	226	217	221	232
6 to 10	71	53	52	58	43
11 to 15	8	3	13	3	7

Media popularity-

	<b>Soaps</b>	<b>Creams</b>	<b>Hair-Oils</b>	<b>Shampoos</b>	<b>Tooth-Pastes</b>
T.V.	273	259	263	262	265
Magazine	67	70	71	73	64
News Paper	4	7	3	3	1
Radio	0	2	2	0	4
Any Other	0	0	0	0	0



### Promotion Factor- Dealers

Table 23

	Amroha			Sambhal			Aligarh			Hardwar			Chandigarh			Delhi			Total		
	ME	MoE	LE	ME	MoE	LE	ME	MoE	LE	ME	MoE	LE	ME	MoE	LE	ME	MoE	LE	ME	MoE	LE
Advertising	18	8	2	35	14	0	24	9	0	39	5	0	47	1	0	44	2	0	207	59	2
Discount	42	6	0	44	5	0	18	12	3	28	14	2	35	13	0	32	14	0	199	64	5
Free Gift	42	6	0	41	8	0	15	18	0	28	16	0	31	17	0	31	15	0	188	80	0
Packaging	4	37	7	12	22	15	9	12	12	12	20	12	16	24	8	14	24	8	67	139	62
Coupons	3	39	6	9	31	9	9	9	15	11	18	15	12	23	13	10	21	15	54	141	73
D.Discount	27	21	0	31	16	2	18	6	9	29	9	6	38	9	1	33	12	1	176	73	19

**LE : Least Effective**

MoE : Moderately Effective

**ME : Most Effective**

**Score**

Score							
	Amroha	Sambhal	Aligarh	Hardwar	Chandigarh	Delhi	Total
Advertising	72	133	90	127	143	136	741
Discount	138	142	81	114	131	124	730
Free Gift	138	139	81	116	127	123	724
Packaging	93	95	63	88	104	98	541
Coupons	93	98	60	84	95	87	517
D.Discount	123	127	75	111	133	124	693

**Schemes/Incentives to Dealers**

**Table 24**

		<b>VF</b>	<b>Of</b>	<b>Ra</b>	<b>Ne</b>	<b>Score</b>	<b>Average</b>
<b>Soaps</b>	Neem	66	76	78	48	428	440
	Pears	66	86	82	34	452	
	Nirma	61	111	69	27	474	529.5
	Lux	138	58	55	17	585	
<b>Creams</b>	Ayur	70	88	59	51	445	349
	Shahnaz	21	59	72	116	253	
	Lakme	83	93	49	43	484	485
	Ponds	76	96	66	30	486	
<b>Hair-oils</b>	Hair&Care	98	68	51	51	481	453.5
	Dabur-Amla	49	105	69	45	426	
	Clinic- Plus	104	94	41	29	541	491.5
	Keo-Karpin	64	78	94	32	442	
<b>Shampoos</b>	Ayur	63	79	65	61	412	425
	Vatika	61	88	79	40	438	
	Sunsilk	101	87	68	12	545	484
	H&S	73	69	66	60	423	
<b>T.pastes</b>	Babool	72	128	55	13	527	541.5
	Col.Herbal	122	82	26	38	556	
	Forhans	45	66	80	77	347	490.5
	Pepsodent	152	65	48	3	634	
						9379	

VF : Very Frequently :: Ra: Rarely

Of : Often :: Ne: Never

## CHAPTER 11

### Managerial/Strategic Inputs

### **Managerial/ Strategic Inputs**

With all the developments<sup>1</sup>, the market scenario is changing all over the world. Consumer taste and preferences markets saturating, companies are shifting focus to the emerging markets. Emerging Markets constitute the major growth opportunity in the evolving world economic order.

Czinkota and Ronkainen defines<sup>2</sup> an emerging market, by three aspects of a country's economy. First is the absolute level of economic development, indicated by the average GDP per capita, or the relative balance of agrarian and industrial/commercial activity. Second, is the relative pace of economic development, indicated by the GDP growth rate. Third is the system of market governance and the extent and stability of a free market system, if the country is in the process of economic liberalization from a command economy. It is sometimes defined as a 'transitional economy'.

With the opening up of economies, growing affluent middle class and greater spending incomes, these countries hold a vast opportunity of development. The new perception of these countries as markets explains the surge of interest. The phrase emerging market is being adopted in place of the previous lexicon of 'less developed countries', 'newly industrializing countries' or even 'Third world countries' which emphasized the countries' source of cheap raw material and labor rather than their markets.

World Bank Report<sup>3</sup> shows that while rich industrial countries are poised to grow only at the rate of 2.7 per cent per annum during 1994 to 2003,

---

<sup>1</sup> New strategies in EM; Sloan Management Review, Fall 1998 Arnold, Quelch.

<sup>2</sup> M.P. Zinkota and I.A. Ronkainen, International Business and Trade in the next Decade: Report from a Dephi Study Washington D.C. Georgetown University, working paper 1777-25-297, 1997.

<sup>3</sup> The Economist, The Global Economy, 1 October 1994.

developing countries are expected to grow during the same period at the rate of 4.8 per cent per annum. Likewise, share of world output of rich industrial countries is projected to come down from 47 percent in 1995 to 37-38 percent in the year 2020. Of all the developing countries, those in Asia are poised to grow very rapidly. The list of the top 15 economies by 2020 is likely to include as many as seven Asian countries including India, Thailand, Indonesia and Taiwan.

Doing business in these countries calls for a very different strategic approach for various reasons. The companies need to study the demographics, geography and psyche of consumers to penetrate the market. Ideally every economy would provide a range of institutions in order to facilitate the functioning of markets, but these developing countries fall short in a number of ways. According to Khanna and Palepu<sup>4</sup>, there are three main sources of market failure.

#### Information Problem:

Buyers broadly defined as consumers in product markets, employers in labor market and investors in financial markets need reliable information to assess the goods and services that they purchase and the investments that they make. Without adequate information, they are reluctant to do business.

#### Misguided Regulations:

When regulations place political goals over economic efficiency, they distort the functioning of markets. Many Emerging Markets for example restrict the ability of companies to lay off workers. These rules do add some stability, but

---

<sup>4</sup> Why focused strategies may be wrong for emerging markets; Harvard Business Review, Jul/ August 1997, Vol. 75 Issue 4, pg.41, Tarun Khanna, Krishna Palepu.

the companies are less able to take advantage of opportunities than they would have in advanced economies.

*Inefficient Judicial System:*

Companies are reluctant to do business without ways of ensuring that their partners will hold up their end of the bargain. Contracts can facilitate cooperation by aligning the incentives of the different parties. Markets therefore depend on judicial systems that are strong enough to enforce contracts in a reliable and predictable way.

In advanced economies, companies can rely on a variety of outside institutions that minimize these sources of market failure. In such a context companies create value primarily by focusing on a narrow set of activities. At the opposite extreme, stagnant or declining economies usually suffer from near complete market failure because of the utter absence of basic institutions.

Emerging Markets in the middle of this continuum offer the prospect of substantial growth because they have developed at least some of the institutions, necessary to encourage commerce. But institutional voids are still common enough to cause market failures, as a result, companies in emerging markets often have to perform these basic functions themselves.

Given this backdrop, India is a case in point. With its liberalized economy, it offers a perfect example of an emerging market. Many MNCs are battling the odds out, trying to cash on the vast potential Indian Market holds. They are formulating various strategies to penetrate the market. Many big guns like Hindustan Lever Limited, Proctor and Gamble, Colgate Palmolive etc have already made inroads by constantly focusing and adopting new strategies to

hold on their share. Also competing with them are some domestic companies like Dabur, Himalya Drug Company, Godrej etc. They offer a tough competition to these foreign giants and are banking on their core competencies to defend themselves against the onslaught of the MNCs, which are flush with funds and backed with technological advances.

Multinational companies<sup>5</sup> are always keen to gain strength in emerging markets and India represents an excellent opportunity. SPC Asia finds that the country is on the threshold of real growth. India stands out as a country with massive growth potential. It has a rising population of over 1 billion (year on year growth of 1.58%) and is gaining prosperity. However, its population is diverse in terms of lifestyle and spending power. India's economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries and a multitude of support industries. But while more than a third of the population is too poor to be able of afford an adequate diet, modern industries are really gaining strength and India is increasingly offering expertise in certain select areas.

Market research company Datamonitor shows that in the period 1994-1998 all major categories of the Indian Cosmetics and Toiletries market have shown a healthy growth. Consumer expenditure on cosmetics and toiletries is on the increase following a surge in real disposable income and in turn this has led to volume growth. Cosmetics are increasingly seen as a necessity rather than a luxury. The increased usage of cosmetics and toiletries is reported by industry sources to be in evidence not just among women but also among men. The strength of domestic trends has been helped along by liberalization policies implemented by the government and in line with this demand for sophisticated products is also on increase.

---

<sup>5</sup> Poised for Power; SPC Asia, Mar 2001, Issue 24, pg.57.

The Indian Cosmetics Directory 2000 suggests that, as in other markets, consumers are generally more aware of trends than brand owners. It says that international brands are stealing market share from local lines as consumers influenced by exposure to more and more advertising aspire to buy products which although more expensive than domestic brands are thought to offer more in terms of technology, sophistication and image. However there remains plenty of room for growth as penetration of such products is very low. Rural markets hold great potential as rural masses have rising income levels, broadened education and greater take up of televisions and radios. International manufacturers have the advantage in this area as they can afford to back promotional campaigns, whereas many local companies cannot. But although attention is being drawn to the growing popularity of prestige brands the disparity between high prices and low consumer spending power opens big opportunity for local brands to continue to take significant market share. Therefore, multinational companies have to address the needs of low-income consumers as well as the upper end population.

The manufacture and sale of cosmetics and toiletries in India is governed by Drugs and cosmetics Act and quality of products is covered by the Bureau of Indian Standards. Packaging of products must feature the price of the item and legislation is there concerning various statutory markings to be made on packs.

ISTMA (Indian Soaps and Toiletries Makers' Association) says that the Indian market has a promising future. It is currently at a threshold, facing phenomenal opportunities to increase the low levels of product penetration.



The new economic policy<sup>6</sup> adopted by the Government of India in mid 1991 was based on the twin principles of deregulation of the government's economic interventionist functions and encouraging competition. Various Indian regulations in the areas of industrial licensing, monopoly and restrictive trade practices, foreign exchange regulation, import and export, capital markets, external commercial borrowing, Companies Act, convertibility of rupee in current account etc have already been changed extensively and more are in offing. In the latest spree of reforms initiated during 1996-1997 there was further widening of the list of industries where automatic approval for upto 51 percent of foreign equity would be allowed, approval for foreign equity upto 74 percent in the infrastructural sector, allowing FII's to invest upto 30 percent in equity of domestic public limited companies etc. The Government of India has also simplified foreign investment approval procedures and set up a Foreign Investment Promotion Council to attract FDI. A takeover code has been introduced to facilitate mergers and acquisitions.

In addition to economic reforms and liberalization there are other factors which make India, along with other Asian countries a potential target for increased MNC activities. Naisbitt identified certain key trends, which are applicable to Asia in particular. Asian countries are becoming consumer focused and market driven, getting increasingly urbanized, using technology to replace labor, deriving an Asian approach to management as distinct from the same followed by the west and are beginning to establish networks with other nations to face the rest of the world. Many of these trends are also applicable to India and it is no wonder that leading MNCs are making it a point to ensure that they have a strong presence in India.

---

<sup>6</sup> Naisbitt, J., *Megatrends: The Right Asian Megatrends that are Changing the World*, Nicholas Brearley, London 1995.

MNCs have already taken a number of actions to exploit the new opportunities. Some of these initiatives are-

- Increasing<sup>7</sup> the equity holding, from 40 percent to 51 percent and above, in existing subsidiaries and associate companies to ensure greater control of operations and strategy. Some notable cases, which took place during 1992-96 are the BCC Group, Glaxo, ABB, Philips, Pepsi Co, Colgate Palmolive, Honda, Whirlpool and many others.
- Setting<sup>8</sup> up new ventures with 100 percent ownership- a new phenomenon after liberalization was introduced. Sony has set up a wholly owned subsidiary for manufacturing TV sets. Similarly GE Capital Services, USA has set up a 100 percent subsidiary to oversee GE's six joint ventures in India.
- Buying<sup>9</sup> up major Indian Brands and distribution networks as a prelude to launching brands. Examples include Coca-Cola buying India's largest soft drinks brand (1992), Heinz buying Glaxo India's food business (1994) and Unilever buying soaps and detergent business of the Tata Group as well as major Indian ice-cream brands (1994).

According to Ring<sup>10</sup>, firms doing business in international markets conform to two basic imperatives- economic and political. He observed that action taken to deal with political imperatives are a function of the impact of such imperatives on the firm as well as the latter's strategic predisposition.

---

<sup>7</sup> The Economic Times, 23 March 1993, pg.9.

<sup>8</sup> Will M & A be GE Cap's Real Assets; Business Today, 7-21 February 1997, pg.42-43.

<sup>9</sup> The Economic Times, Corporates Jump on the Multinational Bandwagon to Prevent Getting Waylaid, 21 July 1994, pg.9.

<sup>10</sup> Ring P.S. Lenway, S.A. and Govekar, M. Management of Political Imperatives in International Business; Strategic Management Journal Vol. 11 1990, pg.141-51.

Ghoshal<sup>11</sup> also identified four kinds of risks confronted by MNCs, namely macroeconomic, policy, competitive and resources. MNCs entering India have to access themselves along these lines. The projections made by World Bank, GATT and UNCTAD along various dimensions such as projected size of economy, country's share of world exports of manufactured goods, share of world output, GDP growth, inflow of FDI as well as history of political stability of the country are taken into account while developing strategies.

In order to counter the MNC offensive, the domestic companies will also have to enhance their effects to defend their territories. According to a Business India Study when the reforms process gets underway and liberalization of economic policies opens the market to competition, domestic firms face three strategic choices-

1. Reposition and rejuvenate existing portfolio and operations to combat new competition and grow in the deregulated environment.
2. Withdraw from business where current competencies are inadequate to deal with future competitive battle and redirect resources so released to new opportunities that are compatible with competencies available.
3. Globalize with a view to exploiting opportunities available in the international market as well as for defending domestic position.

Foreign companies have to tread the path carefully. One strategic mistake may spell the doom for them. A case in point is Benckiser India<sup>12</sup>, a joint venture between Joh A Benckiser of Germany (51%) and expatriate Indians. The company entered the Indian market with its Coty brand of skin care

---

<sup>11</sup> Ghoshal S., Global Strategy-An Organizing Framework, Strategic Management Journal, Vol. 8 1987, pg.425-40

<sup>12</sup> Strategic Makeovers; Business India Intelligence, 04/01/99, pg.6.

products in 1994. After four years of experimenting with prices and products, the company had achieved only a 0.5 percent share of the skin care market. In September 1998 it pulled out of India. One of the major reasons for Benckiser's exit was its inability to sustain high overheads in the low volume premium end of the market.

Yet another foreign player, Henkel KGaA<sup>13</sup> stumbled badly in the Indian market. But a timely strategic changeover has helped it regain its foothold. Chennai based Henkel Spic India is a joint venture with Tamilnadu Petroproducts, a part of the Spic Group (in January 1999, it acquired a majority stake in the Calcutta based Shaw Wallace group' Calcutta Chemicals-Chalchem and Detergent India Limited-DIL for Rs 51 crore). This beleaguered detergent maker, unable to make much headway against Hindustan Lever and Proctor & Gamble, had lost Rs 50 crore. In 1998 Henkel's share in the Rs.15,000 crore detergent market was a mere 15 percent in the South and just about 8 percent Indiadwide.

Calchem's workhorse brands Margo (toilet soap), Neem (toothpaste) and Tuhina (skin lotion), and the Chek, Superchek and Regal detergent bars from DIL were added to its portfolio. The acquisition also gave Henkel a readymade distribution network of 350,000 outlets nation wide. The company not only gained critical mass in the number of brands, but also higher visibility with the increase in its network. The company became confident of its new marketing strategy, as it came back to business.

According to a Business India Study<sup>14</sup> although the slowdown in economic growth in India has slowed growth in the C & T market, it is still healthy at 20-

---

<sup>13</sup> Cleaning up its Act; Business India 03/22/1999.

<sup>14</sup> Strategic Makeovers; Business India Intelligence, 04/01/99, pg.6.

25%. But growth has come largely from the low and medium priced categories. These products account for about 95 percent of the market in volume terms. Foreign companies are thus shedding this premium image and closing volumes. Multinationals like L'Oreal, Oriflame and Avon, which entered India in the mid 1990's have realised that this is not going to change quickly and are reformulating their strategies. Oriflame is now focusing on lower priced products and has launched its skin care products in the range of Rs.100-500.

But price is not the only reason for lack of success. An obvious issue is misjudgment of the size of the middle class. While formulating strategy to make inroads in Indian markets, this factor cannot be overlooked. Even among the middle class price sensitivity and consumer needs vary greatly. To complicate matters, cosmetics are now considered a fashionable, rather than merely functional product with an emphasis on choice. This has made the task of market development even more complex.

Companies are placing more emphasis on market research and targeting new market segments such as young women. Lakme-Lever hired a Paris based consultancy group, Shining Strategic Design to come up with a new look for the company's products.

Other key issue is of retailing strategy. Poor infrastructure makes distribution to smaller towns difficult and distributors are hesitant to train consultants because they fear the consultants will work with them only for short time. Thus many companies like Oriflame etc have come up with Direct selling It is one way of reaching a nascent market estimated by Business India to be Rs.1 billion and expected to reach Rs.5 billion. Even Hindustan Lever has ventured into direct selling with its parent's high end brand- Aviance Given distribution

and retail hurdles in India, most companies will have to do as Hindustan Lever has done- make it up as they go along.

### **Case 1:**

Amway began<sup>15</sup> its operation in India with six products in two categories. Currently it has 30 products in four categories which include personal care, home care, nutrition and wellness (nutrilite) and cosmetics. Amway India has registered a 100 per cent growth annually for the last three years, by deploying direct marketing strategy. Amway has invested Rs.151 crore in India. The investment into setting up a distribution network, offices and advertising to create awareness. Further innovations and adoption to the market with a clear perception of the consumer needs was encouraged. For the first time Amway introduced smaller pack sizes like 65ml bottles and sachets across products categories owing to wide segment of the Indian market that want convenience, quality and is price-conscious. Amway also introduced a range of India specific products like the 'Persona' brand. The first of these, the Persona toothbrush was priced at Rs.27 versus a competitors' price of Rs.35, was a runaway success. This prompted Amway to extend the brand to Junior toothbrush, family bar soap and talcum powder. India is also one of the few markets where the company went in for advertising. Initial advertising was done to raise awareness of the company, but then slowly it graduated to specific product categories. Currently, the largest markets for Amway are the US, Japan, China and Korea. But India is soon catching up says Pinckney.

Trends indicate that the rural markets are coming up in a big way and growing twice as fast as the urban. According to a National Council for Applied

---

<sup>15</sup> Brushing up Strategies; Business India, 02/04/2002.

Economic Research (NCAER) study, there are as many 'middle income and above' household in the rural areas as there are in the urban areas. There are almost twice as many 'lower middle income' households in rural areas as in the urban areas. At the highest income level there are 2.3 million urban households as against 1.6 million households in rural areas. According to Mr. D. Shivakumar, Business Head (Hair), Personal Products Division, Hindustan Lever Limited, the money available to spend on FMCG products by urban India is Rs 49,500 crore as against is Rs. 63,500 crore in rural India.

As per NCAER projections the number of middle and high-income households in rural India is expected to grow from 80 million to 111 million by 2007. In urban India, the same is expected to grow from 46 million to 59 million. Thus, the absolute size of rural India is expected to be double that of urban India.

Marketing gurus are realizing that a sound network and a thorough understanding of the village psyche are a must for making inroads into rural markets. The price sensitivity of a consumer in a village is something the marketers should be alive to. Apart from increasing the geographical width of their product distribution the focus of corporates should be on the introduction of brands and develop strategies specific to rural consumers.

An important tool to reach out to the rural audience is through effective communication. The rural audience has matured enough to understand the communication developed for the urban markets, especially with reference to FMCG products. Television has been a major effective communication system for rural mass.

There is a need to differentiate the brand according to regional disparities. The differentiation may not necessarily be in terms of product content. It may also be in terms of packaging, communication or association with the brand.

According to Mr. Shivakumar, HLL the four factors which influence demand in rural India are access, attitude, awareness and affluence. HLL has successfully used this to influence the rural market for its shampoos in sachets. The sachet strategy has proved so successful that according to an ORG MARG data, 95 percent of total shampoo sales in rural India are by sachets. The company has developed a direct access to markets through wholesale channel and created awareness through media, demonstration and on ground contact. Education in village is also on rise. According to Kannan<sup>16</sup> already 40 percent of all those graduating from college are rural youths. They are the decision-makers and are not very different in education, exposure, attitudes and aspirations from their counterparts, at least in smaller cities and towns. The marketers who understand the rural consumer and fine-tune their strategy are sure to reap benefits. In fact, the leadership in many products in India is linked to leadership in the rural market.

### **Case 2:**

Dabur was established<sup>17</sup> in 1884 by Dr. SK. Burman. Today Dabur has a worldwide presence with two 100 percent subsidiaries, Dabur Foods Limited and Dabur Oncology Plc, and Dabur Nepal Private Limited with 80 percent stake. Dabur is a diversified group with thorough knowledge of Ayurveda, medicinal herbs and natural products and biotechnology. It has strong market

---

<sup>16</sup> Rural Market A world of Opportunity; The Hindu, Thursday, October 11, 2001, Shanthi K.

<sup>17</sup> Batting MNCs on Home Turf; Business India, May 13-26, 2002, pg.68-74.



position in the ayurvedic health care and personal care segments, supported by strong brands like Chyawanprash, Hajmola, Amla Hair Oil and Vatika, well established distribution franchise and adequate multi- locational manufacturing facilities. These business strengths are complemented by the company's favorable financial profile characterized by stable profit margins, adequate cash generation from operations and comfortable interest coverage.

Living up to times, the company strategically transformed itself from a purely ayurvedic company to a producer and marketer of natural and herbal products for personal care. It even ventured into the field of oncology.

The company also has developed strong brands like Hajmola, Pudín Hara, Hingoli, Chyawanprash, Amla Hair Oil and Lal Dant manjan capturing a majority of market shares. It also added herbal anti-dandruff shampoo and oil under Vatika brand, Binaca-Fresh tooth powder, Efarelle-Comfort, a unique herbal product for relief from abdominal pain, Amla Lite hair oil, among other products to strengthen its portfolio. The product portfolio of an assortment of well-entrenched brands has positioned Dabur as a unique player in the FMCG sector. Dabur develops its products in-house, based on the knowledge and expertise in the field of Ayurveda by strong research and development. It has developed a strong distribution network that provides the advantage of reach and coverage to retain and gain market share. Having gone for diversification and joint ventures, the company now is on a consolidation path, consciously limiting its presence and expansion in select areas where it perceives a definite competitive advantage. It entered the processed food market with selected products like Home Made garlic, ginger and onion pastes and 'Realfruit' juices and deliberately avoided chocolate, chips and aerated drinks on account of their being non-healthy products, thus keeping

company's 'natural-healthier' image. 'Real', launched in 1997, has over 50 percent share in the Rs.100 crore natural fruit juice market.

Dabur's success banks on its aggressive brand launches and constant restructuring of its product portfolio. It has leveraged on its natural image to venture in newer categories such as shampoo and skin care. The medium term growth of the company comes from line extensions within categories, targeting upper income household. Over the long term, management plans to extend the natural care platform to skin care. The health care division is rendered most immune to MNC competition, owing to generic 'ayurvedic' profile of the products.

Dabur constantly updates its product profile and has entered into antiseptic cream, backache remedies and even anti-cancer research. The strategy is more profit oriented, as it deals with fewer but more focused product innovations. Thus, while most FMCG companies are feeling the pressure of open market, Dabur sails high beating both international and domestic competition.

### **Case 3:**

India's top rated<sup>18</sup> fast moving consumer goods (FMCG) company Hindustan Lever Limited was under pressure from all sides- MNCs, regional players, the unorganized sector and also a sluggish market. Lever's core competence-marketing, had come under severe test. The growth was slowing down and competition getting tough. In order to check the plummeting sales, Vindi Banga, MD, HLL focused on to restore more meaningful top-line growth.

---

<sup>18</sup> Coping with new markets; Business India, Mar 18-21,2002, pg.52-58.

Concentrating on Indian power brands, he coupled his strategy with a programme to rationalize supply chain costs. He diverted company's resources on potentially more valuable brands and migrated non-core brands to the power brands. He focused on 30 national power brands across various categories and 10 regional brands as against HLL's 110 brands in 1996, thus shifting to 'brand leadership' from 'category leadership' philosophy. 'Brand' connects deeply with consumers and enabled HLL to get advantages of scale in terms of advertising and brand support. This strategy changed the scenario and company's sales and saved company's image. It arrested the decline in sales of various products (Lifebuoy soaps) and even put several to number one slot (Wheel detergent).

## CHAPTER 12

### Summary of Conclusions

### Summary of Conclusions

#### **Demand Analysis**

Market shares of top three brands in each product category are as follows:

<b>Soaps</b>						
S.No.	Herbal		%	Non Herbal		%
1	Pears	70	28.2	Lux	203	64.2
2	Dove	34	13.7	Savlon/Dettol	40	12.7
3	Cinthol	32	12.9	Lifebuoy	36	11.4

<b>Creams</b>						
S.No.	Herbal		%	Non Herbal		%
1	Ayur	31	66.0	Ponds	137	36.0
2	Fair Glow	6	12.8	Fair&Lovely	83	21.8
3	Ayurvedic C.	4	8.5	Lakme	76	19.9

<b>Hair Oils</b>						
S.No.	Herbal		%	Non Herbal		%
1	Dabur Amla	77	44.8	Hair&Care	71	43.3
2	Vatika	50	29.1	Clinic Plus	42	25.6
3	Bajaj Almond	27	15.7	Keo Karpin	41	25.0

<b>Shampoos</b>						
S.No.	Herbal		%	Non Herbal		%
1	Ayur	52	55.3	Clinic	95	28.4
2	Vatika	22	23.4	Sunsilk	91	27.2
3	Nyle	17	18.1	Pantene	45	13.4

<b>Tooth Pastes</b>						
S.No.	Herbal		%	Non Herbal		%
1	Babool	29	42.6	Colgate	162	40.4
2	Miswak	14	20.6	Pepsodent	134	33.4
3	Colgate Herb	13	19.1	Close Up	91	22.7

### Usage Pattern

**Soaps:** There is lesser product penetration in C-class city of Sambhal and lower income group. This holds a message for the marketers. It is towards these semi-urban cities that they can target their efforts to increase sales. Urban markets are getting almost saturated in soaps category, the C class cities and the likes i.e. semi-urban and rural areas hold potential for further growth.

**Creams:** It is the middle income group of 4000-8000 and 8001-12000 that reports greatest regular usage of creams (64.7% and 53.6% respectively) than the upper (40.6%) and lower (44.4%) income groups. This clearly shows greater focus of middle class on skin care. This middle class is getting more fashion conscious and has greater spending power after the advent of liberalization. Especially the fairness cream market is the fastest growing in India.

**Hair Oils:** Most of the users in all the cities are regular and casual users. This clearly reflects the mixed usage pattern, irrespective of the kind of city. Same is the case with people of different income groups. Marketers can target problem specific hair-oils and increase sales by advertising it to relevant user groups in each kind of demographic area.

**Shampoos:** This category shows more or less a similar level of product penetration with most of the cities having regular usage of above 50%. The only exception is the C-class city of Sambhal. This shows that while some of the semi-rural areas have caught up with the urbanized counterparts, but some still lag behind. These cities can be used by the companies to increase their sales by converting rare and casual users into regular users. Shampoos have made deep inroads into every city; it is only the usage that is to be increased in the consumers. Thus marketers can induce campaigns to this effect, so as to increase sales.

**Tooth Pastes:** B and C class cities shows 100 percent regular usage of tooth-pastes. It is in the C-class cities of Amroha and Sambhal that we find 8.2% and 4.8% casual users respectively. Overall percentage of regular users in the cities denotes that the only way to increase the sale is by inducing more product usage. Companies can promote use of toothpaste twice (morning and night) or even thrice (morning and after each meal) a day.

Top three usage purpose of each product category are given below:

Soaps	Creams	Hair-oils	Shampoos	Tooth-pastes
Cleanliness	Sun Protection	Nourishment	Cleanliness	Cleanliness
Freshness	Moisturiser	Anti Dandruff	Anti Dandruff	Gum Protection
Anti Bacterial	Glowing Skin	Shiny Looks	Good Looks	Cavity Prevention

For **soaps** we can safely infer that the three usage of cleanliness, freshness and anti-bacterial are the most sought after by all consumers, with variations in priority order across different income groups. Thus marketers should concentrate around these to add these benefits to the product and then effectively promote around it.

Marketers must direct the **creams** to different class of people highlighting these different qualities and pricing the product accordingly. A different promotion and advertising needs to be done to tap different groups effectively.

For **hair oils** marketers need to assess the market for each hair-oil type and accordingly introduce products suiting the particular need of the consumer. This study is helpful for them to determine its product type and position it in the market. They need to differentiate their product accordingly and based on the preferences of each income group needs to tailor make their products.

Manufacturers need to formulate problem specific **shampoos** to cater to various segments usage wise. They can target lower income groups for increased usage of shampoos and induce its regular usage to increase sales.

Marketers can include the given three properties in the **tooth-pastes** and accordingly advertise them to target these groups differently. Also the survey shows that the use of tooth-pastes is less in low income groups in comparison to higher ones. Thus these low-end people can be targeted to adopt and increase product usage to increase sales.

Respondents show a bend towards the herbal remedies and confirm their faith in these. Marketers can convert this into an opportunity by continuously making innovations by combining the 'Tradition' with 'Science'. This shows the increasing consciousness among men of their skin and hair care. Herbal is the thing in place among all cities, all income and age groups and both the sexes. Thus marketers need to convert this opportunity into big profits, by giving consumers the herbal benefits with ease of science.

The herbal trend is picking up in all the cities. An interesting thing to be noted here is that this trend is at the early stage of its development. This leaves marketers with a lot of space to further spruce up the things and make them work to their advantage by offering new scientific based herbal formulations. Trends are similar among all age and income groups.

According to the dealers this trend is more in the C class cities, followed by A class cities and then B class cities. The only exception being Tooth-Pastes, where A class cities surpasses the herbal trend in C class cities only marginally.



As reported by the dealers, the herbal trend is found to be almost similar in all the product categories. However there are minor leads taken by Tooth-Pastes, followed by Creams, Shampoos, Hair-Oils and then Soaps.

This confirms our faith in the herbal trends gaining pace in all product categories across all cities under study. Thus manufacturers need to take note of the situation and roll out the products with greater emphasis on the herbal remedies. The fast changing perception of the North Indian (where this survey is conducted) consumers and throughout India in general, towards these herbal products calls for greater research in these herbal formulations and producing quality products to compete with the mighty MNC brands.

### Product & Packaging

Preferred product attributes are as follows:

Soaps	Creams	Hair-oils	Shampoos	Tooth-pastes
Effect on skin	Effect on skin	Nourishment	Nourishment	Feeling/Taste
Contents	Nourishment	Contents	Contents	Contents
Nourishment	Contents	Pack/Container	Fragrance	Nourishment

A new trend is to cash on the 'feeling' that **soaps** give while in use. Thus manufacturers need to come up with some genuine formulations, for the consumers will buy only those products, which give them good skin-care apart from hygiene. They need to shape the product (packaging, color, fragrance etc) accordingly and target market it, highlighting its intended benefits. Marketers can accordingly communicate the benefits of their product and reap the psychological dividends.

For **creams** effect on skin, nourishment, contents, packaging and fragrance emerge as the most important product attributes in this category

in all the cities. Effect on skin takes a secondary (number four) slot in the C-class cities. This gives important message and marketers need to formulate a different strategy to place their product in the C-class cities.

In case of **hair oils**-city wise nourishment, contents, pack/container, effect on skin and fragrance come out as important factors in A and B class cities, while people of C-class cities also give importance to the colour of hair oils apart from these factors. Thus important consideration needs to be given to colour while formulating hair-oils for the type C cities.

For **shampoos** marketers need to take different approach to different class of cities.

Contents, nourishment and taste are considered as the most important factors for **tooth pastes** by A and C class cities people while B-class respondents take taste, contents and nourishment as the crucial factors while deciding the brand.

### **Level of Brand Adherence**

**Soaps:** Brand plays a crucial role in repeat purchases in this category and it is a must for companies to promote its brand name strongly, to capture suitable chunk of the market.

**Creams:** Similar trends appear in the cream category also. Higher scores show greatest brand adherence for creams than any other product category. This shows that people are most conscious about their skin care. Thus marketers need to promote their brands in a big way. They may even charge a premium for it.

**Hair Oils:** People of C-class cities are least brand loyal. In B-class cities brand consciousness is highest. They are choosy about their brands, but

also switch to other brands, given its attractiveness. Here again brand equity plays important role and marketers need to live up to their image to sustain customers.

**Shampoos:** After creams, it is shampoo that gives most brand loyalty. In this category again, brand equity holds utmost importance, as people don't want to take risk with their hair. Thus marketers need to sell their product on basis of their image.

**Tooth Pastes:** In this category, brand loyalty is the least. C class cities show fewer adherences in comparison to B and C class cities.

Thus on the whole, in all the categories there is a large scope of converting the 'usually stick to brand, and 'don't care' categories into brand loyalist by emphasizing on image building of the brands. The onus solely lies on the marketers, to orchestrate effective campaigns and deliver quality products to make consumers loyal to them.

Thus marketers need to come up with different strategies for different class of cities to switch consumers' preferences in their favor and retain their loyalties.

Brand consciousness among the people is very high and on the increase. Thus marketers need to advertise their products in a big way. So as to make a good brand image in the consumers' mind. Consumers perceive products offered by companies with good brand equity to be good quality and they are not ready to take any chances with these daily use products used for personal up-keep of the body.

### **Pricing & Distribution**

On the whole, maximum purchases (48.4%) are made through medium sized shops. Kind of shop does not make any difference as such city wise. All these five products, namely soaps, creams, hair-oils, shampoos and tooth-pastes are general, daily use necessity items and kind of shop does not really matter in making their purchase. Medium sized shops are preferred in all product categories, followed by those who make their purchases on their convenience.

Shampoos and creams are perceived to hold high prices and manufacturers need to reduce them to bring it in consonance with the consumers' perceived level. On the other hand, consumers are most comfortable with the prices of soaps, followed by tooth-pastes and hair-oils. More than half the respondents (53.2%) would increase the product usage by the price reduction in the commodities. This holds an important message for the marketers and they can reformulate their pricing strategies accordingly, to cash on this price sensitiveness of the consumers.

With the exception of hair oils, availability of herbal and non herbal brands is at par in each category. For hair oils, availability of herbal brands is slightly higher than the non-herbal brands.

**Soaps:** Non-herbal brands of Nirma and Lux fare better in terms of regular supply than the herbal ones.

**Creams:** Every chosen brand (both herbal and non herbal) shows good supply.

**Hair Oils:** Hair-oils also show regular supply. However herbal brands of Hair & Care and Dabur-Amla fare better than the non-herbal brands of Clinic-Plus and Keo-Karpin.

**Shampoos:** Non-herbal brands of Head & Shoulders and Sunsilk are ahead of herbal brands.

**Tooth Pastes:** Non-herbal Pepsodent registers the most regular supply.

Attractiveness of Credit Policy offered by companies to the dealers shows:

**Soaps:** Non-herbal brands offer better credit policy to dealers than the herbal brands chosen in our study.

**Creams:** Dealers are most satisfied by the credit offerings of the herbal brand Ayur.

**Hair Oils:** Herbal and non-herbal brands are at par.

**Shampoos:** Non-herbal brands of Sunsilk and Head & Shoulder fore much better than the herbal brands.

**Tooth Pastes:** Herbal brands offer a slight better credit policy than the non-herbal brands.

Margin offered by the companies to the dealers are-

**Soaps:** Non-herbal brands of Nirma and Lux offer better margin to dealers than the herbal brands.

**Creams:** Herbal brand of Ayur offers the most attractive margin to dealers among the chosen brands.

**Hair Oils:** Herbal brands of Hair & Care and Dabur-Amla fair better than the non-herbal brands.

**Shampoos:** Herbal brands of Ayur and Vatika fare better than the non-herbal brands.

**Tooth Pastes:** Peposdent offers the most attractive margin to dealers followed by Colgate-Herbal, Babool and Forhans.

### Promotion

Consumers' preferences for various promo-tools are as follows-

Top 3 Preferences
1. Discount
2. Free Gift
3. Get One Free

City wise in every city top preference goes to price discounts and second and third positions are again held by free gifts and buy-one-get-one-free.

Advertisement and publicity and consultation with friends/relatives and family members are crucial factors in deciding the brand to go for.

Most important information sources that effects the purchase decision of consumers is the 'advertisement' and 'publicity campaigns' orchestrated by the companies to promote their products. City wise the patterns are similar with every city except Delhi, marking advertisement and publicity as the most crucial factor in purchase decision.

People in C-class cities are more savvy towards media (basically TV) and it makes greater impact in their mind, as they can recollect more number of advertisements seen than others. This gives an opportunity to marketers to effectively increase their consumer base in these by increasing advertising their products. This is good news for them as the more urban markets are already getting saturated for all the produced categories.

Top 3 Preferences
1. Advertising
2. Discount
3. Free Gift

Above are the top three **promo-factors** as rated by the dealers. This holds an important message for the marketers. They need to formulate a right promotion mix for their product, combining advertisement discount to dealers and customers and other schemes, as per the need to increase their sales and increase market share.

In every product category chosen, non-herbal brands have fared better in terms to giving schemes and incentives to the dealers with the exception of tooth-pastes.

This gives a clear case for the marketers of herbal products in every category to take action in this direction and formulate a better strategy to deal with the dealers.

## **BIBLIOGRAPHY**

### **FMCG Scenario**

1. IndiaInfoline.com
2. Indian Insight; SPC Asia, June 2001, Issue 25, pg. 15; Ray Anjan.
3. Whipping up an FMCG Excitement; Indian Express Online, 19 June 2000.
4. IndiaInfoline.com
5. Chemical Business, Feb 2000, Vol.14, Issue 2, pg. 29; Sanganerla Santk.
6. Still Life with FMCGs; Business Today, June 21, 2001, pg. 42-46, Seema Shukla.
7. The whiff of Warfare; Business Today, 22 September 1993, pg. 87-89, Chhaya Carvalho.
8. Convert India's Problems; Business World, 25 November 2002, pg. 38-42, C.K.Prahalad.
9. Off the Shelf, Into the Ring; Economic Times, Brand Equity, 22 July, 1998, pg. 1: Sabiha Hussain, Yogesh Katekar & Madhavendra P.
10. Prospects for the Consumer Goods Sector; Economic Times, 16 October 2000, pg. 6, Rama Bijapurkar.
11. Country Roads Don't Look That Exciting for FMCGs; 15 December 2000, pg. 1: Kala Vijayraghavan, Anamika Rath.
12. Brand War: HLL, Dabur, P&G to battle one of their own; Financial Express, 14 January 2001, pg.1.
13. Get Off My Shelf, You Loser; Economic Times, 31 January 2001, pg. 1-2, Anamika Rath.
14. Redefining Mass Cosmetics; Economic Times, Brand Equity, 2 July 1997, pg. 3, Sabiha Hussain.
15. Personal Product Gaint in the Making; Financial Express, 13 February 1998, pg. 12, Namrata Singh.



16. Desperately Seeking Vibrancy; Economic Times, Brand Equity, 13 January 1999, pg. 3, Sabiha Hussain.
17. And now its Cosmeceuticals; Economic Times, Brand Equity, 9 April, 1997, pg. 2, Dibyendu Ganguly.
18. A Meeting of Minds; Economic Times, Corporate Dossier, 21 July 2000, pg.1-3, Doctor Vikram.
19. FMCG, Consumer Focus Shifts to Parallel Retail Market; Financial Express, eFE, 3 October 2001, pg. 4, Namrata Singh.
20. Three Categories Buck the Trend in FMCG Industry, Financial Express, eFE, 5 October 2001, pg. 4, Namrata Singh.
21. Soaps, Detergents and Toiletries Review, July 2002, pg. 19.
22. Soaps, Detergents and Toiletries Review, January 2002, pg. 23.
23. Soaps, Detergents and Toiletries Review, June 2001, pg. 13.
24. Soaps, Detergents and Toiletries Review, June 2000, pg. 21.
25. Soaps, Detergents and Toiletries Review, May 2001, pg. 41.
26. Soaps, Detergents and Toiletries Review, May 2001, pg. 43.
27. Soaps, Detergents and Toiletries Review, May 2002, pg. 36.
28. Brochure for Advanced Data Analysis for Marketing Decisions; 1-6 September 2003, pg. 1, Prof. Jahar Saha, Indian Institute of Management, Ahmedabad, India.

### **C&T Scenario**

1. Weekly corporate growth Report; 05/25/98, Issue 996, pg. 9616.
2. Global Cosmetic Industry; June 2000, Vol. 166, Issue 6 pg. 22; Agos Fernando.
3. A Makeover of Global Proportions; Chemical Market Reporter, 12/03/2001 Vol.260 Issue 21 PFR3, Pamela Souer.
4. A Makeover of Global Proportions: Chemical Market Reporter, 12/03/2001 Vol. 260, Issue 21 PFR3, Pamela Souer .

5. 2000 State of the Industry; Global Cosmetic Industry, June 2000, Vol. 166, Issue 6, pg. 22 Agos Fernando.
6. The Sleeping Giant Awakes; Soap, Perfumery & Cosmetics, May 97, Vol. 70, Issue 5, pg. 23.
7. State of the Industry; DCI, Sep 96, Vol.159, Issue 3, pg. 24: Smith Jeffrey.
8. Road to Recovery; Soap, Perfumery, Cosmetics, Nov. 2000, Vol. 73 Issue 11, pg. 24.
9. Global Cosmetic Industry, C& T in pacific, Anthony Bucalo, March 1999.
10. Indian Cosmetics Industry, Growth trends and prospects; SD&TR, Aug 2002, pg. 14.
11. Land of great promise; SPC Asia, November 1999, pg. 15.
12. Brandweek: Tiara trickledown- Increased Beauty Consciousness, and Cosmetic Demand in India Oct 9, 2000.
13. State of the Industry; DCI Sept. 96, Vol. 159, Issue 3, pg. 24, Smith Jeffery.
14. Poised for Power; SPC Asia, March 2001, Issue 24, pg. 57.
15. Modern Traditionalists: India Country Report, SPC Asia Feb. 2002, pg. 25, Dr. Ray Anjan.

### **Industry Profile**

1. Budget: Blues or Boost? The Hindu Business Line, Thursday, 7 March 2002, Vinay Kamath.
2. Cosmetics, Toiletries to Cost More; Economic Times, 2 July 1997, pg-3.
3. Soaps, Detergents and Toiletries Review, July 2002, pg. 22.
4. Soaps, Detergents and Toiletries Review, Aug 2002, pg. 15.
5. Businessline.com
6. Soaps, Detergents and Toiletries Review, January 2002, pg. 6.
7. IndiaInfoline.com

8. Decision: Paradoxes of Market Share; Jan-June 2002, pg. 39-46, Bhatia, Bawa, Anupam.
9. Soaps, Detergents and Toiletries Review, August 1999, pg. 32-37.
10. Soaps, Detergents and Toiletries Review, October 2002, pg. 17-18.
11. The Hindu Business Line, Sunday, August 18, 2002.
12. India Infoline Sector Studies, Feb 2002.

### **Herbal Marketing Trends**

1. Datamonitor: In Cosmetics Exhibition: 9 Apr. 2002-11 Apr. 2002.
2. Natural Values; Soap Perfumery & Cosmetics, Oct 97, Vol 70 Issue 10, pg. 47.
3. Reasons to be Cheerful; Soap Perfumery Cosmetics, Nov. 99 Vol. 72 Issue II, pg. 40.
4. Chemical Business, Aug 2001, Vol. 15 Issue 8, pg. 57.
5. Split Market Evolution; A&M, 31 July 1995, pg. 70-72, Mitu Jayashankar and Pritika Arora.
6. The Herbal Touch; 10 October 2000, India Infoline.
7. Confusion Confronting Indian Herbal Sector; Chemical Business, November 2001, Vol.15 Issue 11, pg. 10, N.S.Venkataraman.
8. Bottling Ancient Secrets; Time Canada, 07/31/2000, Vol. 156, Issue 5, pg. 32, Meenakshi Ganguli.
9. A Strategic Balance of Tradition and Technology: An Ayurvedic Firm in Modern India; Business Horizons, Nov-Dec 1998, pg. 41-47, Bernard Arogyaswamy, Deepak Manchand.
10. A New Look; Business India, June 10-23, 2002, pg. 64-66.
11. Battling MNCS on Home Turf; Business India, May 13-26, 2002, pg. 68-74.

### **Problem Formulation**

1. Tull, D.S. & Hawkins 'Marketing Research' Mac. Pub. Co. Inc, New York

## **Demand Analysis**

1. How to use Market Share Measurement; Harvard Business Review, Jan-Feb 1959, pg. 59-68, Oxenfeldt.
2. Marketing Management; Himalaya Publishers, Bombay, 1981, Sherlekar S.A.
3. Marketing-Concepts and Strategy; Houghton Mifflin Co. Boston, 1978, Bell Martin L.
4. Coping with New Markets; Business India, 18-31 March 2002, pg. 56.
5. Cinthol: Freshing Up; SD&TR, May 2002, pg. 11, Arti Sharma.
6. Redefining Mass Cosmetics; Economic Times, Brand Equity, 2 July 1997, pg. 3, Sabiha Hussain.
7. A personal Products Giant in Making; Financial Express, 13 February 1998, pg. 12, Namrata Singh.
8. Soaps, Detergents and Toiletries Review, May 2000, pg. 3.
9. Sachet of HLL's Ayush Shampoo.

## **Product and Packaging**

1. The Theory of Buyer Behaviour, John Wiley & Sons, 1969. Howard, J.A. and Sheth, J.N.
2. Consumer Behaviour and Product Performance, Journal of Marketing, Oct 1975, pg. 1-6. Narayana, C.L. and Markin, R.J.
3. Marketing Management-Analysis, Planning and Control, PHI-5<sup>th</sup> Ed. Kotler, Phillip.

## **Pricing and Distribution**

1. Apperception in S. H. Britt (ed), Consumer Behaviour and Behavioural Sciences, John Wiley, 1966, pg. 157, Yankelovich, D.
2. Improved Efficiency and Reduced Cost in Marketing, Journal of Marketing, April 1962, pg. 15-21, Parker, D.D.

3. The Economy's Dark Continent, *Fortune*, April 1962, pg. 103, Drucker, Peter.
4. Marketing- A Managerial Introduction, TMH, 1985, Gandhi, J.C.

### **Promotion**

1. Marketing Management- Analysis, Planning and Control, PHI, 5<sup>th</sup> Ed, Phillip, Kotler.
2. Inter Media Comparisons, *Journal of Advertising Research*, Oct 1972, pg. 47-49, Greenberg, Allan.
3. Sales Response to Promotions and Advertising, *Journal of Advertising Research*, Aug 1974, pg. 33-39, Brown, R.G.

### **Managerial/ Strategic Inputs**

1. New strategies in EM; *Sloan Management Review*, Fall 1998 Arnold, Quelch.
2. M.P. Zinkota and I.A. Ronkainen, *International Business and Trade in the next Decade: Report from a Dephi Study* Washington D.C. Georgetown University, working paper 1777-25-297, 1997.
3. The Economist, *The Global Economy*, 1 October 1994.
4. Why focused strategies may be wrong for emerging markets; *Harvard Business Review*, Jul/ August 1997, Vol. 75 Issue 4, pg.41, Tarun Khanna, Krishna Palepu.
5. Poised for Power; *SPC Asia*, Mar 2001, Issue 24, pg. 57.
6. Naisbitt, J., *Megatrends: The Right Asian Megatrends that are Changing the World*, Nicholas Brearly, London 1995.
7. The Economic Times, 23 March 1993, pg. 9.
8. Will M & A be GE Cap's Real Assets; *Business Today*, 7-21 February 1997, pg. 42-43.
9. The Economic Times, Corporates Jump on the Multinational Bandwagon to Prevent Getting Waylaid, 21 July 1994, pg. 9.

10. Ring P.S. Lenway, S.A. and Govekar, M. Management of Political Imperatives in International Business; Strategic Management Journal Vol. 11 1990, pg. 141-51.
11. Ghoshal S., Global Strategy-An Organizing Framework, Strategic Management Journal, Vol. 8 1987, pg. 425-40
12. Strategic Makeovers; Business India Intelligence, 04/01/99, pg. 6.
13. Cleaning up its Act; Business India 03/22/1999.
14. Strategic Makeovers; Business India Intelligence, 04/01/99, pg. 6.
15. Brushing up Strategies; Business India, 02/04/2002.
16. Rural Market A world of Opportunity; The Hindu, Thursday, October 11, 2001, Shanthi K.
17. Batting MNCs on Home Turf; Business India, May 13-26, 2002, pg. 68-74.
18. Coping with new markets; Business India, Mar 18-21, 2002, pg. 52-58.

## Annexure

Customer profile

		Amroha	Sambhal	Aligarh	Hardwar	Chandi.	Delhi	Total
<b>Age</b>	Below 25	17	11	24	21	22	18	113
	25-35	6	21	17	14	8	17	83
	35-45	16	0	3	2	6	9	36
	Above 45	3	17	5	11	11	3	50
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>
<b>Sex</b>	Male	24	11	11	21	28	21	116
	Female	18	38	38	27	19	26	166
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>
<b>Occupatio</b>	Service	14	4	5	12	13	22	70
	Business	3	11	0	0	5	7	26
	Self Employed	4	0	3	0	2	2	11
	Student	15	15	34	31	20	9	124
	House Wife	6	19	7	4	6	5	47
	Pensioner	0	0	0	1	1	2	4
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>
<b>Monthly Income (Family)</b>	Below 4000	21	22	3	2	4	2	54
	4000-8000	8	13	16	13	11	7	68
	8000-12000	8	6	9	12	12	9	56
	Above 12000	5	8	21	21	20	29	104
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>
<b>No. of Members</b>	Less than 4	1	0	19	17	13	27	77
	5 to 8	29	33	27	29	31	20	169
	8 to 12	12	7	3	2	2	0	26
	More than 12	0	9	0	0	1	0	10
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>
<b>Marital Status</b>	Married	28	39	12	18	26	15	138
	Unmarried	14	10	37	30	21	32	144
	<b>Total</b>	<b>42</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>47</b>	<b>47</b>	<b>282</b>



# Dealers' Profile

Amroha	
Shop type	
Small store	31
Medium store	12
Large store	5
Speciality store	0
Any other	0
Floor area(sq. ft.)	
Less than 100	43
101-300	5
301-500	0
More than 500	0
No. of employees	
1 to 2	31
3 to 5	17
6 to 8	0
9 to 10	0
Working hours/day	
6 to 9	31
10 to 13	17
14 to 16	0

Hardwar	
Shop type	
Small store	9
Medium store	18
Large store	6
Speciality store	9
Any other	2
Floor area(sq. ft.)	
Less than 100	19
101-300	22
301-500	2
More than 500	1
No. of employees	
1 to 2	13
3 to 5	25
6 to 8	4
9 to 10	2
Working hours/day	
6 to 9	3
10 to 13	18
14 to 16	23

Sambhal	
Shop type	
Small store	12
Medium store	24
Large store	9
Speciality store	4
Any other	0
Floor area(sq. ft.)	
Less than 100	39
101-300	10
301-500	0
More than 500	0
No. of employees	
1 to 2	32
3 to 5	16
6 to 8	1
9 to 10	0
Working hours/day	
6 to 9	18
10 to 13	30
14 to 16	1

Chandigarh	
Shop type	
Small store	8
Medium store	18
Large store	9
Speciality store	11
Any other	2
Floor area(sq. ft.)	
Less than 100	25
101-300	17
301-500	5
More than 500	1
No. of employees	
1 to 2	7
3 to 5	31
6 to 8	6
9 to 10	4
Working hours/day	
6 to 9	0
10 to 13	13
14 to 16	35

Aligarh		
Shop type		
Small store		9
Medium store		18
Large store		3
Speciality store		3
Any other		0
Floor area(sq. ft.)		
Less than 100		12
101-300		21
301-500		0
More than 500		0
No. of employees		
1 to 2		21
3 to 5		12
6 to 8		0
9 to 10		0
Working hours/day		
6 to 9		6
10 to 13		18
14 to 16		9

Delhi		
Shop type		
Small store		8
Medium store		16
Large store		9
Speciality store		11
Any other		2
Floor area(sq. ft.)		
less than 100		24
101-300		15
301-500		6
more than 500		1
No. of employees		
1 to 2		8
3 to 5		29
6 to 8		6
9 to 10		3
Working hours/day		
6 to 9		1
10 to 13		13
14 to 16		32

Total		
Location	Rural	Urban
	92	176
Shop type		
Small store	77	
Medium store	106	
Large store	41	
Speciality store	38	
Any other	6	
Floor area(sq. ft.)		
Less than 100	162	
101-300	90	
301-500	13	
More than 500	3	
No. of employees		
1 to 2	112	
3 to 5	130	
6 to 8	17	
9 to 10	9	
Working hours/day		
6 to 9	59	
10 to 13	109	
14 to 16	100	

Dear respondent

I am doing a comparative study between 'Herbal' and 'Synthetic' products regarding cosmetics/toiletries industry Your kind cooperation in filling this questionnaire would be of immense help to me

1 Personal Details

- i) Age group      Below 25   ☐    25-35      ☐    35-45      ☐    Above 45      ☐
- ii) Sex              Male      ☐    Female      ☐
- iii) Occupation    Service   ☐    Business   ☐    Self Employed   ☐  
                          Student   ☐    Housewife   ☐    Pensioner      ☐
- iv) Monthly Family Income      Below Rs 4000      ☐      Rs 4000-8000      ☐  
    Rs 8000-12000      ☐      Above Rs 12000      ☐
- v) Number of Family Members
- vi) Marital Status              Married ☐      Unmarried ☐

2 Which brands in the following categories do you currently use/buy for your household needs-

- |              |    |     |      |
|--------------|----|-----|------|
| Soaps        | i) | ii) | iii) |
| Creams       | i) | ii) | iii) |
| Hair Oils    | i) | ii) | iii) |
| Shampoos     | i) | ii) | iii) |
| Tooth Pastes | i) | ii) | iii) |

3 What is your usage pattern for the following products

	Regular	Casual	Rare
Soaps			
Creams			
Hair Oils			
Shampoos			
Tooth Pastes			

4 What kind of shop do you prefer for making your purchases of different cosmetics & toiletries (Tick one in each column)

	Soaps	Creams	Hair Oils	Shampoos	Tooth Pastes
i) Small fancy stores					
ii) Medium General Store					
iii) Large variety showroom					
iv) Any one as is convenient					

5 What is your purpose for using the given products (Tick as many as applicable in each category)

Soaps		
	1 Cleanliness/Hygiene	
	2 Freshness	
	3 Anti bacterial	
	4 Deodorant	
	5 Skin care	
	6 Any Other	(Please specify)

<b>Creams</b>		
	1. Looks	
	2. Sun protection	
	3. Glowing skin	
	4. Moisturiser	
	5. Skin care	
	6. Out of Habit	
	7. Any Other	(Please specify)

<b>Hair Oils</b>		
	1. Nourishment	
	2. Shiny Looks	
	3. Anti dandruff	
	4. Hair growth	
	5. Soft Hair	
	6. Black Hair	
	7. Any Other	(Please specify)

<b>Shampoos</b>		
	1. Cleanliness/Hygiene	
	2. Good looks	
	3. Anti dandruff	
	4. Anti fungal	
	5. Soft Hair	
	6. Any Other	(Please specify)

<b>Tooth Pastes</b>		
	1. Cleanliness/Hygiene	
	2. Cavity prevention	
	3. Gum protection	
	4. Fresh breath	
	5. Taste	
	6. Flavour	
	7. Any Other	(Please specify)

6. What product qualities do you consider for making the purchase. Rank three in each column. (Number them as 1, 2 and 3 as per your preference in each column).

Product Quality	Soaps	Creams	Hair Oils	Shampoos	Tooth Pastes
Contents					
Packaging/ Container					
Nourishment					
Fragrance					
Colour					
Effect on skin					
Density/Thickness					
Feeling/Taste					

7. Do you stick to your favourite brand. (Tick once in each row)-

	Strictly	Usually	Don't care
Soaps			
Creams			
Hair Oils			
Shampoos			
Tooth Pastes			

8. Do you try some home remedy for each of the following If so please specify for each? (kindly name the herbs you use)

Skin Care .....  
 Hair Care .....  
 Dental Care .....

9. What role do these home remedies play for you in comparison with branded market products?

- a. The home remedies are supplement to the market products ☐  
 b. The home remedies are substitute to the market products. ☐  
 c. I use them out of habit ☐

10. Given are the two brands in each of the pair. Select the one you will prefer over the other. (Tick once for each pair/row)-

Products	Brand				
Soaps	Pair-1	Neem	<input type="checkbox"/>	Nirma	<input type="checkbox"/>
	Pair-2	Pears	<input type="checkbox"/>	Ponds	<input type="checkbox"/>
Creams	Pair-1	Ayur	<input type="checkbox"/>	Lakme	<input type="checkbox"/>
	Pair-2	Shahnaz	<input type="checkbox"/>	Ponds	<input type="checkbox"/>
Hair Oils	Pair-1	Hair & Care	<input type="checkbox"/>	Clinic Plus	<input type="checkbox"/>
	Pair-2	Dabur Amla	<input type="checkbox"/>	Keo Karpin	<input type="checkbox"/>
Shampoos	Pair-1	Ayur	<input type="checkbox"/>	Sunsilk	<input type="checkbox"/>
	Pair-2	Vatika	<input type="checkbox"/>	Head & Shoulders	<input type="checkbox"/>
Tooth Pastes	Pair-1	Colgate Herbal	<input type="checkbox"/>	Pepsodent	<input type="checkbox"/>
	Pair-2	Babool	<input type="checkbox"/>	Balsara	<input type="checkbox"/>

11. Show your level of agreement with the following statements according to the following scale –

1 -strongly agree      2 -agree      3 -indifferent      4 -disagree      5 -strongly disagree

i)	Synthetic/chemical products are harmful in the long run	
ii)	Herbal Products are usually substandard and do not use the actual extracts from the herbs	
iii)	Synthetic/chemical products are very expensive because of heavy advertising budget.	
iv)	Natural herbal extracts used in the products act deep on the skin and nourishes it from within	
v)	Chemical /synthetic products are more effective and act fast to provide quick benefits	
vi)	Herbal products are safe for human consumption because they use natural extracts	
vii)	Herbal products are mostly crude, unclear and unrefined and are used by lower end people	
viii)	Herbal products provide the nature's benefits and nature is the best healer	
ix)	Chemical /Synthetic products' manufacturing is more scientific and research based.	
x)	Synthetic /Chemical products act superficially on the skin and don't make any long-term impact.	

12. Which of the following is the compelling reason for you to make the final purchase (Rank them all in order of preference)-

	Rank
i) Discount/Price cut	
ii) Free gift	
iii) Buy one get one free	
iv) Coupons	
v) Prizes	
vi) Contests	
vii) Surprise items	

- 13 While going for the purchase how much importance do you attach to the "Brand/Company's Image"  
Indicate your importance for each product (Tick once in each row)

	Very Important	Important	Less Important	No consideration
Soaps				
Creams				
Hair Oils				
Shampoos				
Tooth Pastes				

- 14 What is your major source of information for deciding the brands of cosmetics/toiletries for purchase  
(Tick as many as applicable)-

Advertising & Publicity

Friends & Relatives

Family Members

Retailers

Any Other

☐
☐
☐
☐

(Please specify)

- 15 Can you recollect any advertisement stressing on the herbal remedy in each of the following categories-

	Number of Advertisement Seen	Media (T V Magazines, etc)
Soaps		
Creams		
Hair Oils		
Shampoos		
Tooth Pates		

- 16 How do you rate the information supplied by the advertisement about the quality of  
Cosmetics/Toiletries (Tick any one)-

i) Trust worthy ☐

ii) Informative ☐

iii) Subject to scrutiny ☐

iv) Misleading ☐

v) False ☐

- 17 According to you the prices of the following cosmetics are

	Attractive	Reasonable	OK	High	Exorbitant
Soaps					
Creams					
Hair Oils					
Shampoos					
Tooth Pastes					

- 18 If the prices of cosmetics are reduced significantly by the use of new technology, would you go for its increased use? (Tick any one)-

a) Substantially increase its use ☐

b) Marginally increase its use ☐

c) Retain the existing usage ☐

1 Which of the given brands do you currently keep/stock-

<b>Soaps</b>	Neem	<input type="checkbox"/>	Nirma	<input type="checkbox"/>	Pears	<input type="checkbox"/>	Ponds	<input type="checkbox"/>
<b>Creams</b>	Ayur	<input type="checkbox"/>	Lakme	<input type="checkbox"/>	Shahnaz	<input type="checkbox"/>	Ponds	<input type="checkbox"/>
<b>Hair Oils</b>	Hair & Care	<input type="checkbox"/>	Clinic -Plus	<input type="checkbox"/>	Dabur - Amla	<input type="checkbox"/>	Keo -Karpin	<input type="checkbox"/>
<b>Shampoos</b>	Ayur	<input type="checkbox"/>	Sunsilk	<input type="checkbox"/>	Vatika	<input type="checkbox"/>	Head & Shoulders	<input type="checkbox"/>
<b>Tooth Pastes</b>	Babool	<input type="checkbox"/>	Forhans	<input type="checkbox"/>	Pepsodent	<input type="checkbox"/>	Colgate - Herbal	<input type="checkbox"/>

2 What brands would you suggest to the user who has no preference in each of the following categories-

Soaps	i)	ii)	iii)
Creams	i)	ii)	iii)
Hair Oils	i)	ii)	iii)
Shampoos	i)	ii)	iii)
Tooth Pastes	i)	ii)	iii)

3 Kindly rate the effect of each of the following factors on the promotion of cosmetics/ toiletries-

	Most Effective	Moderately Effective	Least Effective
Advertising			
Discount			
Free Gifts			
Packaging			
Coupons			
Margin to Dealers			

4 How far do you think the herbal trend is picking up in the following categories-

	Very Fast	Fast	Moderate	No trend
Soaps				
Creams				
Hair Oils				
Shampoos				
Tooth Pastes				

5 How regular is the supply of the following brands to your outlet? Please rate each of the given brand by ticking on the appropriate box-

	Brands	Very regular	Mostly Regular	Sometimes Regular	Irregular
<b>Soaps</b>	Neem				
	Nirma				
	Pears				
	Ponds				
	Brands	Very regular	Mostly Regular	Sometimes Regular	Irregular
<b>Creams</b>	Ayur				
	Lakme				
	Shahnaz				
	Ponds				
	Brands	Very regular	Mostly Regular	Sometimes Regular	Irregular

<b>Shampoos</b>	Brands	Very regular	Mostly Regular	Sometimes Regular	Irregular
	Ayur				
	Sunsilk				
	Vatika				
	Head & Shoulders				

<b>Tooth Pastes</b>	Brands	Very regular	Mostly Regular	Sometimes Regular	Irregular
	Colgate Herbal				
	Pepsodent				
	Babool				
	Forhans				

6. Please indicate how attractive is the credit policy offered by the companies for the following brands-

<b>Soaps</b>	Brands	Attractive	Moderately Attractive	Unattractive
	Neem			
	Nirma			
	Pears			
	Lux			

<b>Creams</b>	Brands	Attractive	Moderately Attractive	Unattractive
	Ayur			
	Lakme			
	Shahnaz			
	Ponds			

<b>Hair Oils</b>	Brands	Attractive	Moderately Attractive	Unattractive
	Hair & Care			
	Clinic Plus			
	Dabur Amla			
	Keo Karpin			

<b>Shampoos</b>	Brands	Attractive	Moderately Attractive	Unattractive
	Ayur			
	Sunsilk			
	Vatika			
	Head & Shoulders			

<b>Tooth Pastes</b>	Brands	Attractive	Moderately Attractive	Unattractive
	Colgate Herbal			
	Pepsodent			
	Babool			
	Forhans			



Shampoos	Brand	Highly Attractive	Attractive	Less Attractive	Unattractive
	Ayur				
	Sunsilk				
	Vatika				
	Head & Shoulders				

Tooth Pastes	Brand	Highly Attractive	Attractive	Less Attractive	Unattractive
	Colgate Herbal				
	Pepsodent				
	Babool				
	Forhans				

9. What do you suggest to the companies for promoting the herbal brands of cosmetics/toiletries-

.....

.....

10. Personal Particulars:

i) Location: Rural ☐ Urban ☐

ii) Type of Retailer:

a. Small Fancy Store ☐

b. Medium General Store ☐

c. Large Variety Showroom ☐

d. Special Store ☐

e. Any Other ☐

iii) Floor Area: ..... (Sq.ft.)

iv) Number of Employees: .....

v) Number of working hours per day: .....